

AMENDED IN ASSEMBLY JULY 16, 2015

AMENDED IN SENATE MAY 5, 2015

AMENDED IN SENATE APRIL 20, 2015

SENATE BILL

No. 503

Introduced by Senator Hernandez

February 26, 2015

An act to amend Sections ~~1366.22, 1366.25, 1366.22~~ and 24100 of, and to amend, repeal, and add ~~Section~~ *Sections* 1366.24 and 1366.25 of, the Health and Safety Code, and to amend ~~Sections~~ *Section* 10128.52 and ~~10128.55~~ of, and to amend, repeal, and add ~~Section~~ *Sections* 10128.54 and 10128.55 of, the Insurance Code, relating to health care coverage.

LEGISLATIVE COUNSEL'S DIGEST

SB 503, as amended, Hernandez. Cal-COBRA: disclosures.

The Knox-Keene Health Care Service Plan Act of 1975 provides for the licensure and regulation of health care service plans by the Department of Managed Health Care and makes a willful violation of the act a crime. Existing law also provides for the regulation of health insurers by the Department of Insurance. The California Continuation Benefits Replacement Act (Cal-COBRA) requires health care service plans and health insurers providing coverage under a group benefit plan to employers of 2 to 19 eligible employees to offer a continuation of that coverage for a specified period of time to certain qualified beneficiaries, as specified. Existing law requires a group benefit plan that is subject to Cal-COBRA to make specified disclosures to covered employees, including that a covered employee who is considering declining continuation of coverage should be aware that companies

selling individual health insurance may require a review of the employee's medical history that could result in a higher premium or denial of coverage.

This bill would eliminate the disclosure requirement described above. If federal law requiring an individual to maintain minimum health coverage is repealed or amended to no longer apply to the individual market, as specified, the bill would reenact that disclosure requirement to become operative 12 months after that repeal or amendment. *The bill would also, under those same conditions, require a contract between a group benefit plan that is subject to Cal-COBRA and an employer to require the employer to make the same disclosure to a qualified beneficiary in connection with a notice regarding election of continuation coverage.* The bill would require a group benefit plan that is subject to Cal-COBRA and that issues, amends, or renews a disclosure on or after July 1, 2016, to include a notice regarding additional health care coverage options in that disclosure, as specified. The bill would require a group contract that is issued, amended, or renewed on or after July 1, 2016, between a group benefit plan that is subject to Cal-COBRA and an employer to require the employer to give that notice regarding additional health care coverage options to a qualified beneficiary of the ~~contract~~. *contract in connection with a notice regarding election of continuation coverage.* The bill would make conforming changes to related provisions.

Because a willful violation of the bill's requirements relative to health care service plans would be a crime, this bill would impose a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: yes.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 1366.22 of the Health and Safety Code
- 2 is amended to read:
- 3 1366.22. The continuation coverage requirements of this article
- 4 do not apply to the following individuals:

1 (a) Individuals who are entitled to Medicare benefits or become
2 entitled to Medicare benefits pursuant to Title XVIII of the United
3 States Social Security Act, as amended or superseded. Entitlement
4 to Medicare Part A only constitutes entitlement to benefits under
5 Medicare.

6 (b) Individuals who have other hospital, medical, or surgical
7 coverage or who are covered or become covered under another
8 group benefit plan, including a self-insured employee welfare
9 benefit plan, that provides coverage for individuals and that does
10 not impose any exclusion or limitation with respect to any
11 preexisting condition of the individual, other than a preexisting
12 condition limitation or exclusion that does not apply to or is
13 satisfied by the qualified beneficiary pursuant to Sections 1357
14 and 1357.06. A group conversion option under any group benefit
15 plan shall not be considered as an arrangement under which an
16 individual is or becomes covered.

17 (c) Individuals who are covered, become covered, or are eligible
18 for federal COBRA coverage pursuant to Section 4980B of the
19 United States Internal Revenue Code or Chapter 18 of the
20 Employee Retirement Income Security Act (29 U.S.C. Sec. ~~1161~~
21 *1161* et seq.).

22 (d) Individuals who are covered, become covered, or are eligible
23 for coverage pursuant to Chapter 6A of the Public Health Service
24 Act (42 U.S.C. Sec. 300bb-1 et seq.).

25 (e) Qualified beneficiaries who fail to meet the requirements of
26 subdivision (b) of Section 1366.24 or subdivision (i) of Section
27 1366.25 regarding notification of a qualifying event or election of
28 continuation coverage within the specified time limits.

29 (f) Except as provided in Section 3001 of ARRA, qualified
30 beneficiaries who fail to submit the correct premium amount
31 required by subdivision (b) of Section 1366.24 and Section
32 1366.26, in accordance with the terms and conditions of the plan
33 contract, or fail to satisfy other terms and conditions of the plan
34 contract.

35 SEC. 2. Section 1366.24 of the Health and Safety Code is
36 amended to read:

37 1366.24. (a) Every health care service plan evidence of
38 coverage, provided for group benefit plans subject to this article,
39 that is issued, amended, or renewed on or after January 1, 1999,
40 shall disclose to covered employees of group benefit plans subject

1 to this article the ability to continue coverage pursuant to this
2 article, as required by this section.

3 (b) This disclosure shall state that all enrollees who are eligible
4 to be qualified beneficiaries, as defined in subdivision (c) of
5 Section 1366.21, shall be required, as a condition of receiving
6 benefits pursuant to this article, to notify, in writing, the health
7 care service plan, or the employer if the employer contracts to
8 perform the administrative services as provided for in Section
9 1366.25, of all qualifying events as specified in paragraphs (1),
10 (3), (4), and (5) of subdivision (d) of Section 1366.21 within 60
11 days of the date of the qualifying event. This disclosure shall
12 inform enrollees that failure to make the notification to the health
13 care service plan, or to the employer when under contract to
14 provide the administrative services, within the required 60 days
15 will disqualify the qualified beneficiary from receiving continuation
16 coverage pursuant to this article. The disclosure shall further state
17 that a qualified beneficiary who wishes to continue coverage under
18 the group benefit plan pursuant to this article shall request the
19 continuation in writing and deliver the written request, by first-class
20 mail, or other reliable means of delivery, including personal
21 delivery, express mail, or private courier company, to the health
22 care service plan, or to the employer if the plan has contracted
23 with the employer for administrative services pursuant to
24 subdivision (d) of Section 1366.25, within the 60-day period
25 following the later of (1) the date that the enrollee's coverage under
26 the group benefit plan terminated or will terminate by reason of a
27 qualifying event, or (2) the date the enrollee was sent notice
28 pursuant to subdivision (e) of Section 1366.25 of the ability to
29 continue coverage under the group benefit plan. The disclosure
30 required by this section shall also state that a qualified beneficiary
31 electing continuation shall pay to the health care service plan, in
32 accordance with the terms and conditions of the plan contract,
33 which shall be set forth in the notice to the qualified beneficiary
34 pursuant to subdivision (d) of Section 1366.25, the amount of the
35 required premium payment, as set forth in Section 1366.26. The
36 disclosure shall further require that the qualified beneficiary's first
37 premium payment required to establish premium payment be
38 delivered by first-class mail, certified mail, or other reliable means
39 of delivery, including personal delivery, express mail, or private
40 courier company, to the health care service plan, or to the employer

1 if the employer has contracted with the plan to perform the
2 administrative services pursuant to subdivision (d) of Section
3 1366.25, within 45 days of the date the qualified beneficiary
4 provided written notice to the health care service plan or the
5 employer, if the employer has contracted to perform the
6 administrative services, of the election to continue coverage in
7 order for coverage to be continued under this article. This
8 disclosure shall also state that the first premium payment shall
9 equal an amount sufficient to pay any required premiums and all
10 premiums due, and that failure to submit the correct premium
11 amount within the 45-day period will disqualify the qualified
12 beneficiary from receiving continuation coverage pursuant to this
13 article.

14 (c) The disclosure required by this section shall also describe
15 separately how qualified beneficiaries whose continuation coverage
16 terminates under a prior group benefit plan pursuant to subdivision
17 (b) of Section 1366.27 may continue their coverage for the balance
18 of the period that the qualified beneficiary would have remained
19 covered under the prior group benefit plan, including the
20 requirements for election and payment. The disclosure shall clearly
21 state that continuation coverage shall terminate if the qualified
22 beneficiary fails to comply with the requirements pertaining to
23 enrollment in, and payment of premiums to, the new group benefit
24 plan within 30 days of receiving notice of the termination of the
25 prior group benefit plan.

26 (d) Prior to August 1, 1998, every health care service plan shall
27 provide to all covered employees of employers subject to this
28 article a written notice containing the disclosures required by this
29 section, or shall provide to all covered employees of employers
30 subject to this section a new or amended evidence of coverage that
31 includes the disclosures required by this section. Any specialized
32 health care service plan that, in the ordinary course of business,
33 maintains only the addresses of employer group purchasers of
34 benefits and does not maintain addresses of covered employees,
35 may comply with the notice requirements of this section through
36 the provision of the notices to its employer group purchasers of
37 benefits.

38 (e) Every plan disclosure form issued, amended, or renewed on
39 and after January 1, 1999, for a group benefit plan subject to this
40 article shall provide a notice that, under state law, an enrollee may

1 be entitled to continuation of group coverage and that additional
2 information regarding eligibility for this coverage may be found
3 in the plan's evidence of coverage.

4 (f) A disclosure issued, amended, or renewed on or after July
5 1, 2016, for a group benefit plan subject to this article shall include
6 the following notice:

7 ~~"In~~ notice:

8
9 "In addition to your coverage continuation options, you may be
10 eligible for the following:

11 1. Coverage through the state health insurance marketplace, also
12 known as Covered California. By enrolling through Covered
13 California, you may qualify for lower monthly premiums and lower
14 out-of-pocket costs. Your family members may also qualify for
15 coverage through Covered California.

16 2. Coverage through Medi-Cal. Depending on your income, you
17 may qualify for low or no-cost coverage through Medi-Cal. Your
18 family members may also qualify for Medi-Cal.

19 3. Coverage through an insured spouse. If your spouse has
20 coverage that extends to family members, you may be able to be
21 added on that benefit plan.

22 Be aware that there is a deadline to enroll in Covered California,
23 although you can apply for Medi-Cal at anytime. To find out more
24 about how to apply for Covered California and Medi-Cal, visit the
25 Covered California Internet Web site at
26 <http://www.coveredca.com>."

27 ~~(g)~~ <http://www.coveredca.com>."

28
29 (g) (1) If Section 5000A of the Internal Revenue Code, as added
30 by Section 1501 of PPACA, is repealed or amended to no longer
31 apply to the individual market, as defined in Section 2791 of the
32 federal Public Health Service Act (42 U.S.C. Sec. 300gg-91), this
33 section shall become inoperative and is repealed 12 months after
34 the date of that repeal or amendment.

35 (2) For purposes of this subdivision, "PPACA" means the federal
36 Patient Protection and Affordable Care Act (Public Law 111-148),
37 as amended by the federal Health Care and Education
38 Reconciliation Act of 2010 (Public Law 111-152), and any rules,
39 regulations, or guidance issued pursuant to that law.

1 SEC. 3. Section 1366.24 is added to the Health and Safety
2 Code, to read:

3 1366.24. (a) Every health care service plan evidence of
4 coverage, provided for group benefit plans subject to this article,
5 that is issued, amended, or renewed on or after January 1, 1999,
6 shall disclose to covered employees of group benefit plans subject
7 to this article the ability to continue coverage pursuant to this
8 article, as required by this section.

9 (b) This disclosure shall state that all enrollees who are eligible
10 to be qualified beneficiaries, as defined in subdivision (c) of
11 Section 1366.21, shall be required, as a condition of receiving
12 benefits pursuant to this article, to notify, in writing, the health
13 care service plan, or the employer if the employer contracts to
14 perform the administrative services as provided for in Section
15 1366.25, of all qualifying events as specified in paragraphs (1),
16 (3), (4), and (5) of subdivision (d) of Section 1366.21 within 60
17 days of the date of the qualifying event. This disclosure shall
18 inform enrollees that failure to make the notification to the health
19 care service plan, or to the employer when under contract to
20 provide the administrative services, within the required 60 days
21 will disqualify the qualified beneficiary from receiving continuation
22 coverage pursuant to this article. The disclosure shall further state
23 that a qualified beneficiary who wishes to continue coverage under
24 the group benefit plan pursuant to this article must request the
25 continuation in writing and deliver the written request, by first-class
26 mail, or other reliable means of delivery, including personal
27 delivery, express mail, or private courier company, to the health
28 care service plan, or to the employer if the plan has contracted
29 with the employer for administrative services pursuant to
30 subdivision (d) of Section 1366.25, within the 60-day period
31 following the later of (1) the date that the enrollee's coverage under
32 the group benefit plan terminated or will terminate by reason of a
33 qualifying event, or (2) the date the enrollee was sent notice
34 pursuant to subdivision (e) of Section 1366.25 of the ability to
35 continue coverage under the group benefit plan. The disclosure
36 required by this section shall also state that a qualified beneficiary
37 electing continuation shall pay to the health care service plan, in
38 accordance with the terms and conditions of the plan contract,
39 which shall be set forth in the notice to the qualified beneficiary
40 pursuant to subdivision (d) of Section 1366.25, the amount of the

1 required premium payment, as set forth in Section 1366.26. The
2 disclosure shall further require that the qualified beneficiary's first
3 premium payment required to establish premium payment be
4 delivered by first-class mail, certified mail, or other reliable means
5 of delivery, including personal delivery, express mail, or private
6 courier company, to the health care service plan, or to the employer
7 if the employer has contracted with the plan to perform the
8 administrative services pursuant to subdivision (d) of Section
9 1366.25, within 45 days of the date the qualified beneficiary
10 provided written notice to the health care service plan or the
11 employer, if the employer has contracted to perform the
12 administrative services, of the election to continue coverage in
13 order for coverage to be continued under this article. This
14 disclosure shall also state that the first premium payment must
15 equal an amount sufficient to pay any required premiums and all
16 premiums due, and that failure to submit the correct premium
17 amount within the 45-day period will disqualify the qualified
18 beneficiary from receiving continuation coverage pursuant to this
19 article.

20 (c) The disclosure required by this section shall also describe
21 separately how qualified beneficiaries whose continuation coverage
22 terminates under a prior group benefit plan pursuant to subdivision
23 (b) of Section 1366.27 may continue their coverage for the balance
24 of the period that the qualified beneficiary would have remained
25 covered under the prior group benefit plan, including the
26 requirements for election and payment. The disclosure shall clearly
27 state that continuation coverage shall terminate if the qualified
28 beneficiary fails to comply with the requirements pertaining to
29 enrollment in, and payment of premiums to, the new group benefit
30 plan within 30 days of receiving notice of the termination of the
31 prior group benefit plan.

32 (d) Prior to August 1, 1998, every health care service plan shall
33 provide to all covered employees of employers subject to this
34 article a written notice containing the disclosures required by this
35 section, or shall provide to all covered employees of employers
36 subject to this section a new or amended evidence of coverage that
37 includes the disclosures required by this section. Any specialized
38 health care service plan that, in the ordinary course of business,
39 maintains only the addresses of employer group purchasers of
40 benefits and does not maintain addresses of covered employees,

1 may comply with the notice requirements of this section through
2 the provision of the notices to its employer group purchasers of
3 benefits.

4 (e) Every plan disclosure form issued, amended, or renewed on
5 or after January 1, 1999, for a group benefit plan subject to this
6 article shall provide a notice that, under state law, an enrollee may
7 be entitled to continuation of group coverage and that additional
8 information regarding eligibility for this coverage may be found
9 in the plan's evidence of coverage.

10 (f) Every disclosure issued, amended, or renewed on or after
11 the operative date of this section for a group benefit plan subject
12 to this article shall include the following ~~notice~~:

13 ~~"Please notice:~~

14
15 ~~"Please examine your options carefully before declining this~~
16 ~~coverage. You should be aware that companies selling individual~~
17 ~~health insurance typically require a review of your medical history~~
18 ~~that could result in a higher premium or you could be denied~~
19 ~~coverage entirely."~~

20 ~~(g) entirely."~~

21
22 (g) A disclosure issued, amended, or renewed on or after July
23 1, 2016, for a group benefit plan subject to this article shall include
24 the following ~~notice~~:

25 ~~"In notice:~~

26
27 ~~"In addition to your coverage continuation options, you may be~~
28 ~~eligible for the following:~~

29 1. Coverage through the state health insurance marketplace, also
30 known as Covered California. By enrolling through Covered
31 California, you may qualify for lower monthly premiums and lower
32 out-of-pocket costs. Your family members may also qualify for
33 coverage through Covered California.

34 2. Coverage through Medi-Cal. Depending on your income, you
35 may qualify for low or no-cost coverage through Medi-Cal. Your
36 family members may also qualify for Medi-Cal.

37 3. Coverage through an insured spouse. If your spouse has
38 coverage that extends to family members, you may be able to be
39 added on that benefit plan.

1 Be aware that there is a deadline to enroll in Covered California,
2 although you can apply for Medi-Cal anytime. To find out more
3 about how to apply for Covered California and Medi-Cal, visit the
4 Covered California Internet Web site at
5 <http://www.coveredca.com>.”

6 ~~(h)~~ <http://www.coveredca.com>.”

7
8 (h) (1) If Section 5000A of the Internal Revenue Code, as added
9 by Section 1501 of PPACA, is repealed or amended to no longer
10 apply to the individual market, as defined in Section 2791 of the
11 federal Public Health Service Act (42 U.S.C. Sec. 300gg-91), this
12 section shall become operative 12 months after the date of that
13 repeal or amendment.

14 (2) For purposes of this subdivision, “PPACA” means the federal
15 Patient Protection and Affordable Care Act (Public Law 111-148),
16 as amended by the federal Health Care and Education
17 Reconciliation Act of 2010 (Public Law 111-152), and any rules,
18 regulations, or guidance issued pursuant to that law.

19 SEC. 4. Section 1366.25 of the Health and Safety Code is
20 amended to read:

21 1366.25. (a) Every group contract between a health care service
22 plan and an employer subject to this article that is issued, amended,
23 or renewed on or after July 1, 1998, shall require the employer to
24 notify the plan, in writing, of any employee who has had a
25 qualifying event, as defined in paragraph (2) of subdivision (d) of
26 Section 1366.21, within 30 days of the qualifying event. The group
27 contract shall also require the employer to notify the plan, in
28 writing, within 30 days of the date, when the employer becomes
29 subject to Section 4980B of the United States Internal Revenue
30 Code or Chapter 18 of the Employee Retirement Income Security
31 Act (29 U.S.C. Sec. 1161 et seq.).

32 (b) Every group contract between a plan and an employer subject
33 to this article that is issued, amended, or renewed on or after July
34 1, 1998, shall require the employer to notify qualified beneficiaries
35 currently receiving continuation coverage, whose continuation
36 coverage will terminate under one group benefit plan prior to the
37 end of the period the qualified beneficiary would have remained
38 covered, as specified in Section 1366.27, of the qualified
39 beneficiary’s ability to continue coverage under a new group
40 benefit plan for the balance of the period the qualified beneficiary

1 would have remained covered under the prior group benefit plan.
2 This notice shall be provided either 30 days prior to the termination
3 or when all enrolled employees are notified, whichever is later.

4 Every health care service plan and specialized health care service
5 plan shall provide to the employer replacing a health care service
6 plan contract issued by the plan, or to the employer's agent or
7 broker representative, within 15 days of any written request,
8 information in possession of the plan reasonably required to
9 administer the notification requirements of this subdivision and
10 subdivision (c).

11 (c) Notwithstanding subdivision (a), the group contract between
12 the health care service plan and the employer shall require the
13 employer to notify the successor plan in writing of the qualified
14 beneficiaries currently receiving continuation coverage so that the
15 successor plan, or contracting employer or administrator, may
16 provide those qualified beneficiaries with the necessary premium
17 information, enrollment forms, and instructions consistent with
18 the disclosure required by subdivision (c) of Section 1366.24 and
19 subdivision (e) of this section to allow the qualified beneficiary to
20 continue coverage. This information shall be sent to all qualified
21 beneficiaries who are enrolled in the plan and those qualified
22 beneficiaries who have been notified, pursuant to Section 1366.24,
23 of their ability to continue their coverage and may still elect
24 coverage within the specified 60-day period. This information
25 shall be sent to the qualified beneficiary's last known address, as
26 provided to the employer by the health care service plan or
27 disability insurer currently providing continuation coverage to the
28 qualified beneficiary. The successor plan shall not be obligated to
29 provide this information to qualified beneficiaries if the employer
30 or prior plan or insurer fails to comply with this section.

31 (d) A health care service plan may contract with an employer,
32 or an administrator, to perform the administrative obligations of
33 the plan as required by this article, including required notifications
34 and collecting and forwarding premiums to the health care service
35 plan. Except for the requirements of subdivisions (a), (b), and (c),
36 this subdivision shall not be construed to permit a plan to require
37 an employer to perform the administrative obligations of the plan
38 as required by this article as a condition of the issuance or renewal
39 of coverage.

(e) Every health care service plan, or employer or administrator that contracts to perform the notice and administrative services pursuant to this section, shall, within 14 days of receiving a notice of a qualifying event, provide to the qualified beneficiary the necessary benefits information, premium information, enrollment forms, and disclosures consistent with the notice requirements contained in subdivisions (b) and (c) of Section 1366.24 to allow the qualified beneficiary to formally elect continuation coverage. This information shall be sent to the qualified beneficiary's last known address.

(f) Every health care service plan, or employer or administrator that contracts to perform the notice and administrative services pursuant to this section, shall, during the 180-day period ending on the date that continuation coverage is terminated pursuant to paragraphs (1), (3), and (5) of subdivision (a) of Section 1366.27, notify a qualified beneficiary who has elected continuation coverage pursuant to this article of the date that his or her coverage will terminate, and shall notify the qualified beneficiary of any conversion coverage available to that qualified beneficiary. This requirement shall not apply when the continuation coverage is terminated because the group contract between the plan and the employer is being terminated.

(g) (1) A health care service plan shall provide to a qualified beneficiary who has a qualifying event during the period specified in subparagraph (A) of paragraph (3) of subdivision (a) of Section 3001 of ARRA, a written notice containing information on the availability of premium assistance under ARRA. This notice shall be sent to the qualified beneficiary's last known address. The notice shall include clear and easily understandable language to inform the qualified beneficiary that changes in federal law provide a new opportunity to elect continuation coverage with a 65-percent premium subsidy and shall include all of the following:

(A) The amount of the premium the person will pay. For qualified beneficiaries who had a qualifying event between September 1, 2008, and May 12, 2009, inclusive, if a health care service plan is unable to provide the correct premium amount in the notice, the notice may contain the last known premium amount and an opportunity for the qualified beneficiary to request, through a toll-free telephone number, the correct premium that would apply to the beneficiary.

1 (B) Enrollment forms and any other information required to be
2 included pursuant to subdivision (e) to allow the qualified
3 beneficiary to elect continuation coverage. This information shall
4 not be included in notices sent to qualified beneficiaries currently
5 enrolled in continuation coverage.

6 (C) A description of the option to enroll in different coverage
7 as provided in subparagraph (B) of paragraph (1) of subdivision
8 (a) of Section 3001 of ARRA. This description shall advise the
9 qualified beneficiary to contact the covered employee's former
10 employer for prior approval to choose this option.

11 (D) The eligibility requirements for premium assistance in the
12 amount of 65 percent of the premium under Section 3001 of
13 ARRA.

14 (E) The duration of premium assistance available under ARRA.

15 (F) A statement that a qualified beneficiary eligible for premium
16 assistance under ARRA may elect continuation coverage no later
17 than 60 days of the date of the notice.

18 (G) A statement that a qualified beneficiary eligible for premium
19 assistance under ARRA who rejected or discontinued continuation
20 coverage prior to receiving the notice required by this subdivision
21 has the right to withdraw that rejection and elect continuation
22 coverage with the premium assistance.

23 (H) A statement that reads as follows:

24
25 "IF YOU ARE HAVING ANY DIFFICULTIES READING OR
26 UNDERSTANDING THIS NOTICE, PLEASE CONTACT [name
27 of health plan] at [insert appropriate telephone number]."
28

29 (2) With respect to qualified beneficiaries who had a qualifying
30 event between September 1, 2008, and May 12, 2009, inclusive,
31 the notice described in this subdivision shall be provided by the
32 later of May 26, 2009, or seven business days after the date the
33 plan receives notice of the qualifying event.

34 (3) With respect to qualified beneficiaries who had or have a
35 qualifying event between May 13, 2009, and the later date specified
36 in subparagraph (A) of paragraph (3) of subdivision (a) of Section
37 3001 of ARRA, inclusive, the notice described in this subdivision
38 shall be provided within the period of time specified in subdivision
39 (e).

(4) Nothing in this section shall be construed to require a health care service plan to provide the plan's evidence of coverage as a part of the notice required by this subdivision, and nothing in this section shall be construed to require a health care service plan to amend its existing evidence of coverage to comply with the changes made to this section by the enactment of Assembly Bill 23 of the 2009–10 Regular Session or by the act amending this section during the second year of the 2009–10 Regular Session.

(5) The requirement under this subdivision to provide a written notice to a qualified beneficiary and the requirement under paragraph (1) of subdivision (i) to provide a new opportunity to a qualified beneficiary to elect continuation coverage shall be deemed satisfied if a health care service plan previously provided a written notice and additional election opportunity under Section 3001 of ARRA to that qualified beneficiary prior to the effective date of the act adding this paragraph.

(h) A group contract between a group benefit plan and an employer subject to this article that is issued, amended, or renewed on or after July 1, 2016, shall require the employer to give the following notice to a qualified beneficiary:

“In beneficiary in connection with a notice regarding election of continuation coverage:

“In addition to your coverage continuation options, you may be eligible for the following:

1. Coverage through the state health insurance marketplace, also known as Covered California. By enrolling through Covered California, you may qualify for lower monthly premiums and lower out-of-pocket costs. Your family members may also qualify for coverage through Covered California.

2. Coverage through Medi-Cal. Depending on your income, you may qualify for low or no-cost coverage through Medi-Cal. Your family members may also qualify for Medi-Cal.

3. Coverage through an insured spouse. If your spouse has coverage that extends to family members, you may be able to be added on that benefit plan.

Be aware that there is a deadline to enroll in Covered California, although you can apply for Medi-Cal anytime. To find out more about how to apply for Covered California and Medi-Cal, visit the

1 Covered California Internet Web site at
2 <http://www.coveredca.com>.”
3 (i) <http://www.coveredca.com>.”
4

5 (i) (1) Notwithstanding any other law, a qualified beneficiary
6 eligible for premium assistance under ARRA may elect
7 continuation coverage no later than 60 days after the date of the
8 notice required by subdivision (g).

9 (2) For a qualified beneficiary who elects to continue coverage
10 pursuant to this subdivision, the period beginning on the date of
11 the qualifying event and ending on the effective date of the
12 continuation coverage shall be disregarded for purposes of
13 calculating a break in coverage in determining whether a
14 preexisting condition provision applies under subdivision (c) of
15 Section 1357.06 or subdivision (e) of Section 1357.51.

16 (3) For a qualified beneficiary who had a qualifying event
17 between September 1, 2008, and February 16, 2009, inclusive, and
18 who elects continuation coverage pursuant to paragraph (1), the
19 continuation coverage shall commence on the first day of the month
20 following the election.

21 (4) For a qualified beneficiary who had a qualifying event
22 between February 17, 2009, and May 12, 2009, inclusive, and who
23 elects continuation coverage pursuant to paragraph (1), the effective
24 date of the continuation coverage shall be either of the following,
25 at the option of the beneficiary, provided that the beneficiary pays
26 the applicable premiums:

27 (A) The date of the qualifying event.

28 (B) The first day of the month following the election.

29 (5) Notwithstanding any other law, a qualified beneficiary who
30 is eligible for the special election opportunity described in
31 paragraph (17) of subdivision (a) of Section 3001 of ARRA may
32 elect continuation coverage no later than 60 days after the date of
33 the notice required under subdivision (k). For a qualified
34 beneficiary who elects coverage pursuant to this paragraph, the
35 continuation coverage shall be effective as of the first day of the
36 first period of coverage after the date of termination of
37 employment, except, if federal law permits, coverage shall take
38 effect on the first day of the month following the election.
39 However, for purposes of calculating the duration of continuation
40 coverage pursuant to Section 1366.27, the period of that coverage

1 shall be determined as though the qualifying event was a reduction
2 of hours of the employee.

3 (6) Notwithstanding any other law, a qualified beneficiary who
4 is eligible for any other special election opportunity under ARRA
5 may elect continuation coverage no later than 60 days after the
6 date of the special election notice required under ARRA.

7 (j) A health care service plan shall provide a qualified
8 beneficiary eligible for premium assistance under ARRA written
9 notice of the extension of that premium assistance as required
10 under Section 3001 of ARRA.

11 (k) A health care service plan, or an administrator or employer
12 if administrative obligations have been assumed by those entities
13 pursuant to subdivision (d), shall give the qualified beneficiaries
14 described in subparagraph (C) of paragraph (17) of subdivision
15 (a) of Section 3001 of ARRA the written notice required by that
16 paragraph by implementing the following procedures:

17 (1) The health care service plan shall, within 14 days of the
18 effective date of the act adding this subdivision, send a notice to
19 employers currently contracting with the health care service plan
20 for a group benefit plan subject to this article. The notice shall do
21 all of the following:

22 (A) Advise the employer that employees whose employment is
23 terminated on or after March 2, 2010, who were previously enrolled
24 in any group health care service plan or health insurance policy
25 offered by the employer may be entitled to special health coverage
26 rights, including a subsidy paid by the federal government for a
27 portion of the premium.

28 (B) Ask the employer to provide the health care service plan
29 with the name, address, and date of termination of employment
30 for any employee whose employment is terminated on or after
31 March 2, 2010, and who was at any time covered by any health
32 care service plan or health insurance policy offered to their
33 employees on or after September 1, 2008.

34 (C) Provide employers with a format and instructions for
35 submitting the information to the health care service plan, or their
36 administrator or employer who has assumed administrative
37 obligations pursuant to subdivision (d), by telephone, fax,
38 electronic mail, or mail.

39 (2) Within 14 days of receipt of the information specified in
40 paragraph (1) from the employer, the health care service plan shall

1 send the written notice specified in paragraph (17) of subdivision
2 (a) of Section 3001 of ARRA to those individuals.

3 (3) If an individual contacts his or her health care service plan
4 and indicates that he or she experienced a qualifying event that
5 entitles him or her to the special election period described in
6 paragraph (17) of subdivision (a) of Section 3001 of ARRA or any
7 other special election provision of ARRA, the plan shall provide
8 the individual with the written notice required under paragraph
9 (17) of subdivision (a) of Section 3001 of ARRA or any other
10 applicable provision of ARRA, regardless of whether the plan
11 receives information from the individual's previous employer
12 regarding that individual pursuant to Section 24100. The plan shall
13 review the individual's application for coverage under this special
14 election notice to determine if the individual qualifies for the
15 special election period and the premium assistance under ARRA.
16 The plan shall comply with paragraph (5) if the individual does
17 not qualify for either the special election period or premium
18 assistance under ARRA.

19 (4) The requirement under this subdivision to provide the written
20 notice described in paragraph (17) of subdivision (a) of Section
21 3001 of ARRA to a qualified beneficiary and the requirement
22 under paragraph (5) of subdivision (i) to provide a new opportunity
23 to a qualified beneficiary to elect continuation coverage shall be
24 deemed satisfied if a health care service plan previously provided
25 the written notice and additional election opportunity described in
26 paragraph (17) of subdivision (a) of Section 3001 of ARRA to that
27 qualified beneficiary prior to the effective date of the act adding
28 this paragraph.

29 (5) If an individual does not qualify for either a special election
30 period or the premium assistance under ARRA, the health care
31 service plan shall provide a written notice to that individual that
32 shall include information on the right to appeal as set forth in
33 Section 3001 of ARRA.

34 (6) A health care service plan shall provide information on its
35 publicly accessible Internet Web site regarding the premium
36 assistance made available under ARRA and any special election
37 period provided under that law. A plan may fulfill this requirement
38 by linking or otherwise directing consumers to the information
39 regarding COBRA continuation coverage premium assistance
40 located on the Internet Web site of the United States Department

1 of Labor. The information required by this paragraph shall be
2 located in a section of the plan's Internet Web site that is readily
3 accessible to consumers, such as the Web site's Frequently Asked
4 Questions section.

5 (l) For purposes of implementing federal premium assistance
6 for continuation coverage, the department may designate a model
7 notice or notices that may be used by health care service plans.
8 Use of the model notice or notices shall not require prior approval
9 of the department. Any model notice or notices designated by the
10 department for purposes of this subdivision shall not be subject to
11 the Administrative Procedure Act (Chapter 3.5 (commencing with
12 Section 11340) of Part 1 of Division 3 of Title 2 of the Government
13 Code).

14 (m) Notwithstanding any other law, a qualified beneficiary
15 eligible for premium assistance under ARRA may elect to enroll
16 in different coverage subject to the criteria provided under
17 subparagraph (B) of paragraph (1) of subdivision (a) of Section
18 3001 of ARRA.

19 (n) A qualified beneficiary enrolled in continuation coverage
20 as of February 17, 2009, who is eligible for premium assistance
21 under ARRA may request application of the premium assistance
22 as of March 1, 2009, or later, consistent with ARRA.

23 (o) A health care service plan that receives an election notice
24 from a qualified beneficiary eligible for premium assistance under
25 ARRA, pursuant to subdivision (i), shall be considered a person
26 entitled to reimbursement, as defined in Section 6432(b)(3) of the
27 Internal Revenue Code, as amended by paragraph (12) of
28 subdivision (a) of Section 3001 of ARRA.

29 (p) (1) For purposes of compliance with ARRA, in the absence
30 of guidance from, or if specifically required for state-only
31 continuation coverage by, the United States Department of Labor,
32 the Internal Revenue Service, or the Centers for Medicare and
33 Medicaid Services, a health care service plan may request
34 verification of the involuntary termination of a covered employee's
35 employment from the covered employee's former employer or the
36 qualified beneficiary seeking premium assistance under ARRA.

37 (2) A health care service plan that requests verification pursuant
38 to paragraph (1) directly from a covered employee's former
39 employer shall do so by providing a written notice to the employer.
40 This written notice shall be sent by mail or facsimile to the covered

1 employee's former employer within seven business days from the
2 date the plan receives the qualified beneficiary's election notice
3 pursuant to subdivision (i). Within 10 calendar days of receipt of
4 written notice required by this paragraph, the former employer
5 shall furnish to the health care service plan written verification as
6 to whether the covered employee's employment was involuntarily
7 terminated.

8 (3) A qualified beneficiary requesting premium assistance under
9 ARRA may furnish to the health care service plan a written
10 document or other information from the covered employee's former
11 employer indicating that the covered employee's employment was
12 involuntarily terminated. This document or information shall be
13 deemed sufficient by the health care service plan to establish that
14 the covered employee's employment was involuntarily terminated
15 for purposes of ARRA, unless the plan makes a reasonable and
16 timely determination that the documents or information provided
17 by the qualified beneficiary are legally insufficient to establish
18 involuntary termination of employment.

19 (4) If a health care service plan requests verification pursuant
20 to this subdivision and cannot verify involuntary termination of
21 employment within 14 business days from the date the employer
22 receives the verification request or from the date the plan receives
23 documentation or other information from the qualified beneficiary
24 pursuant to paragraph (3), the health care service plan shall either
25 provide continuation coverage with the federal premium assistance
26 to the qualified beneficiary or send the qualified beneficiary a
27 denial letter which shall include notice of his or her right to appeal
28 that determination pursuant to ARRA.

29 (5) No person shall intentionally delay verification of
30 involuntary termination of employment under this subdivision.

31 (q) The provision of information and forms related to the
32 premium assistance available pursuant to ARRA to individuals by
33 a health care service plan shall not be considered a violation of
34 this chapter provided that the plan complies with all of the
35 requirements of this article.

36 (r) (1) *If Section 5000A of the Internal Revenue Code, as added*
37 *by Section 1501 of PPACA, is repealed or amended to no longer*
38 *apply to the individual market, as defined in Section 2791 of the*
39 *federal Public Health Service Act (42 U.S.C. Sec. 300gg-91), this*

1 *section shall become inoperative and is repealed 12 months after*
2 *the date of that repeal or amendment.*

3 *(2) For purposes of this subdivision, “PPACA” means the*
4 *federal Patient Protection and Affordable Care Act (Public Law*
5 *111-148), as amended by the federal Health Care and Education*
6 *Reconciliation Act of 2010 (Public Law 111-152), and any rules,*
7 *regulations, or guidance issued pursuant to that law.*

8 *SEC. 5. Section 1366.25 is added to the Health and Safety*
9 *Code, to read:*

10 *1366.25. (a) Every group contract between a health care*
11 *service plan and an employer subject to this article that is issued,*
12 *amended, or renewed on or after July 1, 1998, shall require the*
13 *employer to notify the plan, in writing, of any employee who has*
14 *had a qualifying event, as defined in paragraph (2) of subdivision*
15 *(d) of Section 1366.21, within 30 days of the qualifying event. The*
16 *group contract shall also require the employer to notify the plan,*
17 *in writing, within 30 days of the date, when the employer becomes*
18 *subject to Section 4980B of the United States Internal Revenue*
19 *Code or Chapter 18 of the Employee Retirement Income Security*
20 *Act (29 U.S.C. Sec. 1161 et seq.).*

21 *(b) Every group contract between a plan and an employer*
22 *subject to this article that is issued, amended, or renewed on or*
23 *after July 1, 1998, shall require the employer to notify qualified*
24 *beneficiaries currently receiving continuation coverage, whose*
25 *continuation coverage will terminate under one group benefit plan*
26 *prior to the end of the period the qualified beneficiary would have*
27 *remained covered, as specified in Section 1366.27, of the qualified*
28 *beneficiary’s ability to continue coverage under a new group*
29 *benefit plan for the balance of the period the qualified beneficiary*
30 *would have remained covered under the prior group benefit plan.*
31 *This notice shall be provided either 30 days prior to the termination*
32 *or when all enrolled employees are notified, whichever is later.*

33 *Every health care service plan and specialized health care*
34 *service plan shall provide to the employer replacing a health care*
35 *service plan contract issued by the plan, or to the employer’s agent*
36 *or broker representative, within 15 days of any written request,*
37 *information in possession of the plan reasonably required to*
38 *administer the notification requirements of this subdivision and*
39 *subdivision (c).*

(c) Notwithstanding subdivision (a), the group contract between the health care service plan and the employer shall require the employer to notify the successor plan in writing of the qualified beneficiaries currently receiving continuation coverage so that the successor plan, or contracting employer or administrator, may provide those qualified beneficiaries with the necessary premium information, enrollment forms, and instructions consistent with the disclosure required by subdivision (c) of Section 1366.24 and subdivision (e) of this section to allow the qualified beneficiary to continue coverage. This information shall be sent to all qualified beneficiaries who are enrolled in the plan and those qualified beneficiaries who have been notified, pursuant to Section 1366.24, of their ability to continue their coverage and may still elect coverage within the specified 60-day period. This information shall be sent to the qualified beneficiary's last known address, as provided to the employer by the health care service plan or disability insurer currently providing continuation coverage to the qualified beneficiary. The successor plan shall not be obligated to provide this information to qualified beneficiaries if the employer or prior plan or insurer fails to comply with this section.

(d) A health care service plan may contract with an employer, or an administrator, to perform the administrative obligations of the plan as required by this article, including required notifications and collecting and forwarding premiums to the health care service plan. Except for the requirements of subdivisions (a), (b), and (c), this subdivision shall not be construed to permit a plan to require an employer to perform the administrative obligations of the plan as required by this article as a condition of the issuance or renewal of coverage.

(e) Every health care service plan, or employer or administrator that contracts to perform the notice and administrative services pursuant to this section, shall, within 14 days of receiving a notice of a qualifying event, provide to the qualified beneficiary the necessary benefits information, premium information, enrollment forms, and disclosures consistent with the notice requirements contained in subdivisions (b) and (c) of Section 1366.24 to allow the qualified beneficiary to formally elect continuation coverage. This information shall be sent to the qualified beneficiary's last known address.

1 (f) Every health care service plan, or employer or administrator
2 that contracts to perform the notice and administrative services
3 pursuant to this section, shall, during the 180-day period ending
4 on the date that continuation coverage is terminated pursuant to
5 paragraphs (1), (3), and (5) of subdivision (a) of Section 1366.27,
6 notify a qualified beneficiary who has elected continuation
7 coverage pursuant to this article of the date that his or her
8 coverage will terminate, and shall notify the qualified beneficiary
9 of any conversion coverage available to that qualified beneficiary.
10 This requirement shall not apply when the continuation coverage
11 is terminated because the group contract between the plan and
12 the employer is being terminated.

13 (g) (1) A health care service plan shall provide to a qualified
14 beneficiary who has a qualifying event during the period specified
15 in subparagraph (A) of paragraph (3) of subdivision (a) of Section
16 3001 of ARRA, a written notice containing information on the
17 availability of premium assistance under ARRA. This notice shall
18 be sent to the qualified beneficiary's last known address. The notice
19 shall include clear and easily understandable language to inform
20 the qualified beneficiary that changes in federal law provide a
21 new opportunity to elect continuation coverage with a 65-percent
22 premium subsidy and shall include all of the following:

23 (A) The amount of the premium the person will pay. For
24 qualified beneficiaries who had a qualifying event between
25 September 1, 2008, and May 12, 2009, inclusive, if a health care
26 service plan is unable to provide the correct premium amount in
27 the notice, the notice may contain the last known premium amount
28 and an opportunity for the qualified beneficiary to request, through
29 a toll-free telephone number, the correct premium that would apply
30 to the beneficiary.

31 (B) Enrollment forms and any other information required to be
32 included pursuant to subdivision (e) to allow the qualified
33 beneficiary to elect continuation coverage. This information shall
34 not be included in notices sent to qualified beneficiaries currently
35 enrolled in continuation coverage.

36 (C) A description of the option to enroll in different coverage
37 as provided in subparagraph (B) of paragraph (1) of subdivision
38 (a) of Section 3001 of ARRA. This description shall advise the
39 qualified beneficiary to contact the covered employee's former
40 employer for prior approval to choose this option.

1 (D) *The eligibility requirements for premium assistance in the*
2 *amount of 65 percent of the premium under Section 3001 of ARRA.*

3 (E) *The duration of premium assistance available under ARRA.*

4 (F) *A statement that a qualified beneficiary eligible for premium*
5 *assistance under ARRA may elect continuation coverage no later*
6 *than 60 days of the date of the notice.*

7 (G) *A statement that a qualified beneficiary eligible for premium*
8 *assistance under ARRA who rejected or discontinued continuation*
9 *coverage prior to receiving the notice required by this subdivision*
10 *has the right to withdraw that rejection and elect continuation*
11 *coverage with the premium assistance.*

12 (H) *A statement that reads as follows:*

13
14 *“IF YOU ARE HAVING ANY DIFFICULTIES READING OR*
15 *UNDERSTANDING THIS NOTICE, PLEASE CONTACT [name*
16 *of health plan] at [insert appropriate telephone number].”*

17
18 (2) *With respect to qualified beneficiaries who had a qualifying*
19 *event between September 1, 2008, and May 12, 2009, inclusive,*
20 *the notice described in this subdivision shall be provided by the*
21 *later of May 26, 2009, or seven business days after the date the*
22 *plan receives notice of the qualifying event.*

23 (3) *With respect to qualified beneficiaries who had or have a*
24 *qualifying event between May 13, 2009, and the later date specified*
25 *in subparagraph (A) of paragraph (3) of subdivision (a) of Section*
26 *3001 of ARRA, inclusive, the notice described in this subdivision*
27 *shall be provided within the period of time specified in subdivision*
28 *(e).*

29 (4) *Nothing in this section shall be construed to require a health*
30 *care service plan to provide the plan’s evidence of coverage as a*
31 *part of the notice required by this subdivision, and nothing in this*
32 *section shall be construed to require a health care service plan to*
33 *amend its existing evidence of coverage to comply with the changes*
34 *made to this section by the enactment of Assembly Bill 23 of the*
35 *2009–10 Regular Session or by the act amending this section*
36 *during the second year of the 2009–10 Regular Session.*

37 (5) *The requirement under this subdivision to provide a written*
38 *notice to a qualified beneficiary and the requirement under*
39 *paragraph (1) of subdivision (k) to provide a new opportunity to*
40 *a qualified beneficiary to elect continuation coverage shall be*

1 *deemed satisfied if a health care service plan previously provided*
2 *a written notice and additional election opportunity under Section*
3 *3001 of ARRA to that qualified beneficiary prior to the effective*
4 *date of the act adding this paragraph.*

5 *(h) A group contract between a group benefit plan and an*
6 *employer subject to this article that is issued, amended, or renewed*
7 *on or after the operative date of this section shall require the*
8 *employer to give the following notice to a qualified beneficiary in*
9 *connection with a notice regarding election of continuation*
10 *coverage:*

11
12 *“Please examine your options carefully before declining this*
13 *coverage. You should be aware that companies selling individual*
14 *health insurance typically require a review of your medical history*
15 *that could result in a higher premium or you could be denied*
16 *coverage entirely.”*

17
18 *(i) A group contract between a group benefit plan and an*
19 *employer subject to this article that is issued, amended, or renewed*
20 *on or after July 1, 2016, shall require the employer to give the*
21 *following notice to a qualified beneficiary in connection with a*
22 *notice regarding election of continuation coverage:*

23
24 *“In addition to your coverage continuation options, you may be*
25 *eligible for the following:*

26 *1. Coverage through the state health insurance marketplace,*
27 *also known as Covered California. By enrolling through Covered*
28 *California, you may qualify for lower monthly premiums and lower*
29 *out-of-pocket costs. Your family members may also qualify for*
30 *coverage through Covered California.*

31 *2. Coverage through Medi-Cal. Depending on your income, you*
32 *may qualify for low or no-cost coverage through Medi-Cal. Your*
33 *family members may also qualify for Medi-Cal.*

34 *3. Coverage through an insured spouse. If your spouse has*
35 *coverage that extends to family members, you may be able to be*
36 *added on that benefit plan.*

37 *Be aware that there is a deadline to enroll in Covered California,*
38 *although you can apply for Medi-Cal anytime. To find out more*
39 *about how to apply for Covered California and Medi-Cal, visit*

1 the Covered California Internet Web site at
2 <http://www.coveredca.com>.”

3
4 (j) (1) Notwithstanding any other law, a qualified beneficiary
5 eligible for premium assistance under ARRA may elect continuation
6 coverage no later than 60 days after the date of the notice required
7 by subdivision (g).

8 (2) For a qualified beneficiary who elects to continue coverage
9 pursuant to this subdivision, the period beginning on the date of
10 the qualifying event and ending on the effective date of the
11 continuation coverage shall be disregarded for purposes of
12 calculating a break in coverage in determining whether a
13 preexisting condition provision applies under subdivision (c) of
14 Section 1357.06 or subdivision (e) of Section 1357.51.

15 (3) For a qualified beneficiary who had a qualifying event
16 between September 1, 2008, and February 16, 2009, inclusive,
17 and who elects continuation coverage pursuant to paragraph (1),
18 the continuation coverage shall commence on the first day of the
19 month following the election.

20 (4) For a qualified beneficiary who had a qualifying event
21 between February 17, 2009, and May 12, 2009, inclusive, and who
22 elects continuation coverage pursuant to paragraph (1), the
23 effective date of the continuation coverage shall be either of the
24 following, at the option of the beneficiary, provided that the
25 beneficiary pays the applicable premiums:

26 (A) The date of the qualifying event.

27 (B) The first day of the month following the election.

28 (5) Notwithstanding any other law, a qualified beneficiary who
29 is eligible for the special election opportunity described in
30 paragraph (17) of subdivision (a) of Section 3001 of ARRA may
31 elect continuation coverage no later than 60 days after the date
32 of the notice required under subdivision (l). For a qualified
33 beneficiary who elects coverage pursuant to this paragraph, the
34 continuation coverage shall be effective as of the first day of the
35 first period of coverage after the date of termination of
36 employment, except, if federal law permits, coverage shall take
37 effect on the first day of the month following the election. However,
38 for purposes of calculating the duration of continuation coverage
39 pursuant to Section 1366.27, the period of that coverage shall be

1 *determined as though the qualifying event was a reduction of hours*
2 *of the employee.*

3 *(6) Notwithstanding any other law, a qualified beneficiary who*
4 *is eligible for any other special election opportunity under ARRA*
5 *may elect continuation coverage no later than 60 days after the*
6 *date of the special election notice required under ARRA.*

7 *(k) A health care service plan shall provide a qualified*
8 *beneficiary eligible for premium assistance under ARRA written*
9 *notice of the extension of that premium assistance as required*
10 *under Section 3001 of ARRA.*

11 *(l) A health care service plan, or an administrator or employer*
12 *if administrative obligations have been assumed by those entities*
13 *pursuant to subdivision (d), shall give the qualified beneficiaries*
14 *described in subparagraph (C) of paragraph (17) of subdivision*
15 *(a) of Section 3001 of ARRA the written notice required by that*
16 *paragraph by implementing the following procedures:*

17 *(1) The health care service plan shall, within 14 days of the*
18 *effective date of the act adding this subdivision, send a notice to*
19 *employers currently contracting with the health care service plan*
20 *for a group benefit plan subject to this article. The notice shall do*
21 *all of the following:*

22 *(A) Advise the employer that employees whose employment is*
23 *terminated on or after March 2, 2010, who were previously*
24 *enrolled in any group health care service plan or health insurance*
25 *policy offered by the employer may be entitled to special health*
26 *coverage rights, including a subsidy paid by the federal government*
27 *for a portion of the premium.*

28 *(B) Ask the employer to provide the health care service plan*
29 *with the name, address, and date of termination of employment*
30 *for any employee whose employment is terminated on or after*
31 *March 2, 2010, and who was at any time covered by any health*
32 *care service plan or health insurance policy offered to their*
33 *employees on or after September 1, 2008.*

34 *(C) Provide employers with a format and instructions for*
35 *submitting the information to the health care service plan, or their*
36 *administrator or employer who has assumed administrative*
37 *obligations pursuant to subdivision (d), by telephone, fax,*
38 *electronic mail, or mail.*

39 *(2) Within 14 days of receipt of the information specified in*
40 *paragraph (1) from the employer, the health care service plan*

1 *shall send the written notice specified in paragraph (17) of*
2 *subdivision (a) of Section 3001 of ARRA to those individuals.*

3 *(3) If an individual contacts his or her health care service plan*
4 *and indicates that he or she experienced a qualifying event that*
5 *entitles him or her to the special election period described in*
6 *paragraph (17) of subdivision (a) of Section 3001 of ARRA or any*
7 *other special election provision of ARRA, the plan shall provide*
8 *the individual with the written notice required under paragraph*
9 *(17) of subdivision (a) of Section 3001 of ARRA or any other*
10 *applicable provision of ARRA, regardless of whether the plan*
11 *receives information from the individual's previous employer*
12 *regarding that individual pursuant to Section 24100. The plan*
13 *shall review the individual's application for coverage under this*
14 *special election notice to determine if the individual qualifies for*
15 *the special election period and the premium assistance under*
16 *ARRA. The plan shall comply with paragraph (5) if the individual*
17 *does not qualify for either the special election period or premium*
18 *assistance under ARRA.*

19 *(4) The requirement under this subdivision to provide the written*
20 *notice described in paragraph (17) of subdivision (a) of Section*
21 *3001 of ARRA to a qualified beneficiary and the requirement under*
22 *paragraph (5) of subdivision (j) to provide a new opportunity to*
23 *a qualified beneficiary to elect continuation coverage shall be*
24 *deemed satisfied if a health care service plan previously provided*
25 *the written notice and additional election opportunity described*
26 *in paragraph (17) of subdivision (a) of Section 3001 of ARRA to*
27 *that qualified beneficiary prior to the effective date of the act*
28 *adding this paragraph.*

29 *(5) If an individual does not qualify for either a special election*
30 *period or the premium assistance under ARRA, the health care*
31 *service plan shall provide a written notice to that individual that*
32 *shall include information on the right to appeal as set forth in*
33 *Section 3001 of ARRA.*

34 *(6) A health care service plan shall provide information on its*
35 *publicly accessible Internet Web site regarding the premium*
36 *assistance made available under ARRA and any special election*
37 *period provided under that law. A plan may fulfill this requirement*
38 *by linking or otherwise directing consumers to the information*
39 *regarding COBRA continuation coverage premium assistance*
40 *located on the Internet Web site of the United States Department*

1 of Labor. The information required by this paragraph shall be
2 located in a section of the plan's Internet Web site that is readily
3 accessible to consumers, such as the Web site's Frequently Asked
4 Questions section.

5 (m) For purposes of implementing federal premium assistance
6 for continuation coverage, the department may designate a model
7 notice or notices that may be used by health care service plans.
8 Use of the model notice or notices shall not require prior approval
9 of the department. Any model notice or notices designated by the
10 department for purposes of this subdivision shall not be subject
11 to the Administrative Procedure Act (Chapter 3.5 (commencing
12 with Section 11340) of Part 1 of Division 3 of Title 2 of the
13 Government Code).

14 (n) Notwithstanding any other law, a qualified beneficiary
15 eligible for premium assistance under ARRA may elect to enroll
16 in different coverage subject to the criteria provided under
17 subparagraph (B) of paragraph (1) of subdivision (a) of Section
18 3001 of ARRA.

19 (o) A qualified beneficiary enrolled in continuation coverage
20 as of February 17, 2009, who is eligible for premium assistance
21 under ARRA may request application of the premium assistance
22 as of March 1, 2009, or later, consistent with ARRA.

23 (p) A health care service plan that receives an election notice
24 from a qualified beneficiary eligible for premium assistance under
25 ARRA, pursuant to subdivision (j), shall be considered a person
26 entitled to reimbursement, as defined in Section 6432(b)(3) of the
27 Internal Revenue Code, as amended by paragraph (12) of
28 subdivision (a) of Section 3001 of ARRA.

29 (q) (1) For purposes of compliance with ARRA, in the absence
30 of guidance from, or if specifically required for state-only
31 continuation coverage by, the United States Department of Labor,
32 the Internal Revenue Service, or the Centers for Medicare and
33 Medicaid Services, a health care service plan may request
34 verification of the involuntary termination of a covered employee's
35 employment from the covered employee's former employer or the
36 qualified beneficiary seeking premium assistance under ARRA.

37 (2) A health care service plan that requests verification pursuant
38 to paragraph (1) directly from a covered employee's former
39 employer shall do so by providing a written notice to the employer.
40 This written notice shall be sent by mail or facsimile to the covered

1 *employee's former employer within seven business days from the*
2 *date the plan receives the qualified beneficiary's election notice*
3 *pursuant to subdivision (j). Within 10 calendar days of receipt of*
4 *written notice required by this paragraph, the former employer*
5 *shall furnish to the health care service plan written verification*
6 *as to whether the covered employee's employment was*
7 *involuntarily terminated.*

8 *(3) A qualified beneficiary requesting premium assistance under*
9 *ARRA may furnish to the health care service plan a written*
10 *document or other information from the covered employee's former*
11 *employer indicating that the covered employee's employment was*
12 *involuntarily terminated. This document or information shall be*
13 *deemed sufficient by the health care service plan to establish that*
14 *the covered employee's employment was involuntarily terminated*
15 *for purposes of ARRA, unless the plan makes a reasonable and*
16 *timely determination that the documents or information provided*
17 *by the qualified beneficiary are legally insufficient to establish*
18 *involuntary termination of employment.*

19 *(4) If a health care service plan requests verification pursuant*
20 *to this subdivision and cannot verify involuntary termination of*
21 *employment within 14 business days from the date the employer*
22 *receives the verification request or from the date the plan receives*
23 *documentation or other information from the qualified beneficiary*
24 *pursuant to paragraph (3), the health care service plan shall either*
25 *provide continuation coverage with the federal premium assistance*
26 *to the qualified beneficiary or send the qualified beneficiary a*
27 *denial letter which shall include notice of his or her right to appeal*
28 *that determination pursuant to ARRA.*

29 *(5) No person shall intentionally delay verification of*
30 *involuntary termination of employment under this subdivision.*

31 *(r) The provision of information and forms related to the*
32 *premium assistance available pursuant to ARRA to individuals by*
33 *a health care service plan shall not be considered a violation of*
34 *this chapter provided that the plan complies with all of the*
35 *requirements of this article.*

36 *(s) (1) If Section 5000A of the Internal Revenue Code, as added*
37 *by Section 1501 of PPACA, is repealed or amended to no longer*
38 *apply to the individual market, as defined in Section 2791 of the*
39 *federal Public Health Service Act (42 U.S.C. Sec. 300gg-91), this*

1 *section shall become operative 12 months after the date of that*
2 *repeal or amendment.*

3 (2) *For purposes of this subdivision, “PPACA” means the*
4 *federal Patient Protection and Affordable Care Act (Public Law*
5 *111-148), as amended by the federal Health Care and Education*
6 *Reconciliation Act of 2010 (Public Law 111-152), and any rules,*
7 *regulations, or guidance issued pursuant to that law.*

8 ~~SEC. 5:~~

9 SEC. 6. Section 24100 of the Health and Safety Code is
10 amended to read:

11 24100. (a) For purposes of this section, the following
12 definitions apply:

13 (1) “ARRA” means Title III of Division B of the federal
14 American Recovery and Reinvestment Act of 2009 or any
15 amendment to that federal law extending federal premium
16 assistance to qualified beneficiaries, as defined in Section 1366.21
17 of this code or Section 10128.51 of the Insurance Code.

18 (2) “Employer” means an employer as defined in Section
19 1366.21 of this code or an employer as defined in Section 10128.51
20 of the Insurance Code.

21 (b) An employer shall provide the information described in
22 subparagraph (B) of paragraph (1) of subdivision (k) of Section
23 1366.25 of this code or subparagraph (B) of paragraph (1) of
24 subdivision (k) of Section 10128.55 of the Insurance Code, as
25 applicable, with respect to any employee whose employment is
26 terminated on or after March 2, 2010, and who was enrolled at any
27 time in a health care service plan or health insurance policy offered
28 by the employer on or after September 1, 2008. This information
29 shall be provided to the requesting health care service plan or
30 health insurer within 14 days of receipt of the notification described
31 in paragraph (1) of subdivision (k) of Section 1366.25 of this code
32 or paragraph (1) of subdivision (k) of Section 10128.55 of the
33 Insurance Code. The employer shall continue to provide the
34 information to the health care service plan or health insurer within
35 14 days after the end of each month for any employee whose
36 employment is terminated in the prior month until the last date
37 specified in subparagraph (A) of paragraph (3) of subdivision (a)
38 of Section 3001 of ARRA.

1 ~~SEC. 6.~~

2 *SEC. 7.* Section 10128.52 of the Insurance Code is amended
3 to read:

4 10128.52. The continuation coverage requirements of this
5 article do not apply to the following individuals:

6 (a) Individuals who are entitled to Medicare benefits or become
7 entitled to Medicare benefits pursuant to Title XVIII of the United
8 States Social Security Act, as amended or superseded. Entitlement
9 to Medicare Part A only constitutes entitlement to benefits under
10 Medicare.

11 (b) Individuals who have other hospital, medical, or surgical
12 coverage, or who are covered or become covered under another
13 group benefit plan, including a self-insured employee welfare
14 benefit plan, that provides coverage for individuals and that does
15 not impose any exclusion or limitation with respect to any
16 preexisting condition of the individual, other than a preexisting
17 condition limitation or exclusion that does not apply to or is
18 satisfied by the qualified beneficiary pursuant to Sections 10198.6
19 and 10198.7. A group conversion option under any group benefit
20 plan shall not be considered as an arrangement under which an
21 individual is or becomes covered.

22 (c) Individuals who are covered, become covered, or are eligible
23 for federal COBRA coverage pursuant to Section 4980B of the
24 United States Internal Revenue Code or Chapter 18 of the
25 Employee Retirement Income Security Act (29 U.S.C. Sec. 1161
26 et seq.).

27 (d) Individuals who are covered, become covered, or are eligible
28 for coverage pursuant to Chapter 6A of the Public Health Service
29 Act (42 U.S.C. Sec. 300bb-1 et seq.).

30 (e) Qualified beneficiaries who fail to meet the requirements of
31 subdivision (b) of Section 10128.54 or subdivision (i) of Section
32 10128.55 regarding notification of a qualifying event or election
33 of continuation coverage within the specified time limits.

34 (f) Except as provided in Section 3001 of ARRA, qualified
35 beneficiaries who fail to submit the correct premium amount
36 required by subdivision (b) of Section 10128.55 and Section
37 10128.57, in accordance with the terms and conditions of the policy
38 or contract, or fail to satisfy other terms and conditions of the
39 policy or contract.

1 ~~SEC. 7.~~

2 SEC. 8. Section 10128.54 of the Insurance Code is amended
3 to read:

4 10128.54. (a) Every insurer's evidence of coverage for group
5 benefit plans subject to this article, that is issued, amended, or
6 renewed on or after January 1, 1999, shall disclose to covered
7 employees of group benefit plans subject to this article the ability
8 to continue coverage pursuant to this article, as required by this
9 section.

10 (b) This disclosure shall state that all insureds who are eligible
11 to be qualified beneficiaries, as defined in subdivision (c) of
12 Section 10128.51, shall be required, as a condition of receiving
13 benefits pursuant to this article, to notify, in writing, the insurer,
14 or the employer if the employer contracts to perform the
15 administrative services as provided for in Section 10128.55, of all
16 qualifying events as specified in paragraphs (1), (3), (4), and (5)
17 of subdivision (d) of Section 10128.51 within 60 days of the date
18 of the qualifying event. This disclosure shall inform insureds that
19 failure to make the notification to the insurer, or to the employer
20 when under contract to provide the administrative services, within
21 the required 60 days will disqualify the qualified beneficiary from
22 receiving continuation coverage pursuant to this article. The
23 disclosure shall further state that a qualified beneficiary who wishes
24 to continue coverage under the group benefit plan pursuant to this
25 article shall request the continuation in writing and deliver the
26 written request, by first-class mail, or other reliable means of
27 delivery, including personal delivery, express mail, or private
28 courier company, to the disability insurer, or to the employer if
29 the plan has contracted with the employer for administrative
30 services pursuant to subdivision (d) of Section 10128.55, within
31 the 60-day period following the later of (1) the date that the
32 insured's coverage under the group benefit plan terminated or will
33 terminate by reason of a qualifying event, or (2) the date the insured
34 was sent notice pursuant to subdivision (e) of Section 10128.55
35 of the ability to continue coverage under the group benefit plan.
36 The disclosure required by this section shall also state that a
37 qualified beneficiary electing continuation shall pay to the disability
38 insurer, in accordance with the terms and conditions of the policy
39 or contract, which shall be set forth in the notice to the qualified
40 beneficiary pursuant to subdivision (d) of Section 10128.55, the

1 amount of the required premium payment, as set forth in Section
2 10128.56. The disclosure shall further require that the qualified
3 beneficiary's first premium payment required to establish premium
4 payment be delivered by first-class mail, certified mail, or other
5 reliable means of delivery, including personal delivery, express
6 mail, or private courier company, to the disability insurer, or to
7 the employer if the employer has contracted with the insurer to
8 perform the administrative services pursuant to subdivision (d) of
9 Section 10128.55, within 45 days of the date the qualified
10 beneficiary provided written notice to the insurer or the employer,
11 if the employer has contracted to perform the administrative
12 services, of the election to continue coverage in order for coverage
13 to be continued under this article. This disclosure shall also state
14 that the first premium payment shall equal an amount sufficient
15 to pay all required premiums and all premiums due, and that failure
16 to submit the correct premium amount within the 45-day period
17 will disqualify the qualified beneficiary from receiving continuation
18 coverage pursuant to this article.

19 (c) The disclosure required by this section shall also describe
20 separately how qualified beneficiaries whose continuation coverage
21 terminates under a prior group benefit plan pursuant to Section
22 10128.57 may continue their coverage for the balance of the period
23 that the qualified beneficiary would have remained covered under
24 the prior group benefit plan, including the requirements for election
25 and payment. The disclosure shall clearly state that continuation
26 coverage shall terminate if the qualified beneficiary fails to comply
27 with the requirements pertaining to enrollment in, and payment of
28 premiums to, the new group benefit plan within 30 days of
29 receiving notice of the termination of the prior group benefit plan.

30 (d) Prior to August 1, 1998, every insurer shall provide to all
31 covered employees of employers subject to this article written
32 notice containing the disclosures required by this section, or shall
33 provide to all covered employees of employers subject to this
34 article a new or amended evidence of coverage that includes the
35 disclosures required by this section. Any insurer that, in the
36 ordinary course of business, maintains only the addresses of
37 employer group purchasers of benefits, and does not maintain
38 addresses of covered employees, may comply with the notice
39 requirements of this section through the provision of the notices
40 to its employer group purchases of benefits.

(e) Every disclosure form issued, amended, or renewed on and after January 1, 1999, for a group benefit plan subject to this article shall provide a notice that, under state law, an insured may be entitled to continuation of group coverage and that additional information regarding eligibility for this coverage may be found in the evidence of coverage.

(f) A disclosure issued, amended, or renewed on or after July 1, 2016, for a group benefit plan subject to this article shall include the following notice:

~~"In notice:~~

"In addition to your coverage continuation options, you may be eligible for the following:

1. Coverage through the state health insurance marketplace, also known as Covered California. By enrolling through Covered California, you may qualify for lower monthly premiums and lower out-of-pocket costs. Your family members may also qualify for coverage through Covered California.

2. Coverage through Medi-Cal. Depending on your income, you may qualify for low or no-cost coverage through Medi-Cal. Your family members may also qualify for Medi-Cal.

3. Coverage through an insured spouse. If your spouse has coverage that extends to family members, you may be able to be added on that benefit plan.

Be aware that there is a deadline to enroll in Covered California, although you can apply for Medi-Cal at anytime. To find out more about how to apply for Covered California and Medi-Cal, visit the Covered California Internet Web site at <http://www.coveredca.com>."

~~(g)~~ *<http://www.coveredca.com>.*"

(g) (1) If Section 5000A of the Internal Revenue Code, as added by Section 1501 of PPACA, is repealed or amended to no longer apply to the individual market, as defined in Section 2791 of the federal Public Health Service Act (42 U.S.C. Sec. 300gg-91), this section shall become inoperative and is repealed 12 months after the date of that repeal or amendment.

(2) For purposes of this subdivision, "PPACA" means the federal Patient Protection and Affordable Care Act (Public Law 111-148), as amended by the federal Health Care and Education

1 Reconciliation Act of 2010 (Public Law 111-152), and any rules,
2 regulations, or guidance issued pursuant to that law.

3 ~~SEC. 8.~~

4 *SEC. 9.* Section 10128.54 is added to the Insurance Code, to
5 read:

6 10128.54. (a) Every insurer's evidence of coverage for group
7 benefit plans subject to this article, that is issued, amended, or
8 renewed on or after January 1, 1999, shall disclose to covered
9 employees of group benefit plans subject to this article the ability
10 to continue coverage pursuant to this article, as required by this
11 section.

12 (b) This disclosure shall state that all insureds who are eligible
13 to be qualified beneficiaries, as defined in subdivision (c) of
14 Section 10128.51, shall be required, as a condition of receiving
15 benefits pursuant to this article, to notify, in writing, the insurer,
16 or the employer if the employer contracts to perform the
17 administrative services as provided for in Section 10128.55, of all
18 qualifying events as specified in paragraphs (1), (3), (4), and (5)
19 of subdivision (d) of Section 10128.51 within 60 days of the date
20 of the qualifying event. This disclosure shall inform insureds that
21 failure to make the notification to the insurer, or to the employer
22 when under contract to provide the administrative services, within
23 the required 60 days will disqualify the qualified beneficiary from
24 receiving continuation coverage pursuant to this article. The
25 disclosure shall further state that a qualified beneficiary who wishes
26 to continue coverage under the group benefit plan pursuant to this
27 article must request the continuation in writing and deliver the
28 written request, by first-class mail, or other reliable means of
29 delivery, including personal delivery, express mail, or private
30 courier company, to the disability insurer, or to the employer if
31 the plan has contracted with the employer for administrative
32 services pursuant to subdivision (d) of Section 10128.55, within
33 the 60-day period following the later of (1) the date that the
34 insured's coverage under the group benefit plan terminated or will
35 terminate by reason of a qualifying event, or (2) the date the insured
36 was sent notice pursuant to subdivision (e) of Section 10128.55
37 of the ability to continue coverage under the group benefit plan.
38 The disclosure required by this section shall also state that a
39 qualified beneficiary electing continuation shall pay to the disability
40 insurer, in accordance with the terms and conditions of the policy

1 or contract, which shall be set forth in the notice to the qualified
2 beneficiary pursuant to subdivision (d) of Section 10128.55, the
3 amount of the required premium payment, as set forth in Section
4 10128.56. The disclosure shall further require that the qualified
5 beneficiary's first premium payment required to establish premium
6 payment be delivered by first-class mail, certified mail, or other
7 reliable means of delivery, including personal delivery, express
8 mail, or private courier company, to the disability insurer, or to
9 the employer if the employer has contracted with the insurer to
10 perform the administrative services pursuant to subdivision (d) of
11 Section 10128.55, within 45 days of the date the qualified
12 beneficiary provided written notice to the insurer or the employer,
13 if the employer has contracted to perform the administrative
14 services, of the election to continue coverage in order for coverage
15 to be continued under this article. This disclosure shall also state
16 that the first premium payment must equal an amount sufficient
17 to pay all required premiums and all premiums due, and that failure
18 to submit the correct premium amount within the 45-day period
19 will disqualify the qualified beneficiary from receiving continuation
20 coverage pursuant to this article.

21 (c) The disclosure required by this section shall also describe
22 separately how qualified beneficiaries whose continuation coverage
23 terminates under a prior group benefit plan pursuant to Section
24 10128.57 may continue their coverage for the balance of the period
25 that the qualified beneficiary would have remained covered under
26 the prior group benefit plan, including the requirements for election
27 and payment. The disclosure shall clearly state that continuation
28 coverage shall terminate if the qualified beneficiary fails to comply
29 with the requirements pertaining to enrollment in, and payment of
30 premiums to, the new group benefit plan within 30 days of
31 receiving notice of the termination of the prior group benefit plan.

32 (d) Prior to August 1, 1998, every insurer shall provide to all
33 covered employees of employers subject to this article written
34 notice containing the disclosures required by this section, or shall
35 provide to all covered employees of employers subject to this
36 article a new or amended evidence of coverage that includes the
37 disclosures required by this section. Any insurer that, in the
38 ordinary course of business, maintains only the addresses of
39 employer group purchasers of benefits, and does not maintain
40 addresses of covered employees, may comply with the notice

requirements of this section through the provision of the notices to its employer group purchases of benefits.

(e) Every disclosure form issued, amended, or renewed on or after January 1, 1999, for a group benefit plan subject to this article shall provide a notice that, under state law, an insured may be entitled to continuation of group coverage and that additional information regarding eligibility for this coverage may be found in the evidence of coverage.

(f) Every disclosure issued, amended, or renewed on or after the operative date of this section for a group benefit plan subject to this article shall include the following ~~notice~~:

~~“Please notice:~~

~~“Please examine your options carefully before declining this coverage. You should be aware that companies selling individual health insurance typically require a review of your medical history that could result in a higher premium or you could be denied coverage entirely.”~~

~~(g) entirely.”~~

(g) A disclosure issued, amended, or renewed on or after July 1, 2016, for a group benefit plan subject to this article shall include the following ~~notice~~:

~~“In notice:~~

~~“In addition to your coverage continuation options, you may be eligible for the following:~~

1. Coverage through the state health insurance marketplace, also known as Covered California. By enrolling through Covered California, you may qualify for lower monthly premiums and lower out-of-pocket costs. Your family members may also qualify for coverage through Covered California.

2. Coverage through Medi-Cal. Depending on your income, you may qualify for low or no-cost coverage through Medi-Cal. Your family members may also qualify for Medi-Cal.

3. Coverage through an insured spouse. If your spouse has coverage that extends to family members, you may be able to be added on that benefit plan.

Be aware that there is a deadline to enroll in Covered California, although you can apply for Medi-Cal anytime. To find out more

1 about how to apply for Covered California and Medi-Cal, visit the
2 Covered California Internet Web site at
3 <http://www.coveredca.com>.”

4 ~~(h)~~ <http://www.coveredca.com>.”

5
6 (h) (1) If Section 5000A of the Internal Revenue Code, as added
7 by Section 1501 of PPACA, is repealed or amended to no longer
8 apply to the individual market, as defined in Section 2791 of the
9 federal Public Health Service Act (42 U.S.C. Sec. 300gg-91), this
10 section shall become operative 12 months after the date of that
11 repeal or amendment.

12 (2) For purposes of this subdivision, “PPACA” means the federal
13 Patient Protection and Affordable Care Act (Public Law 111-148),
14 as amended by the federal Health Care and Education
15 Reconciliation Act of 2010 (Public Law 111-152), and any rules,
16 regulations, or guidance issued pursuant to that law.

17 ~~SEC. 9.~~

18 *SEC. 10.* Section 10128.55 of the Insurance Code is amended
19 to read:

20 10128.55. (a) Every group benefit plan contract between a
21 disability insurer and an employer subject to this article that is
22 issued, amended, or renewed on or after July 1, 1998, shall require
23 the employer to notify the insurer in writing of any employee who
24 has had a qualifying event, as defined in paragraph (2) of
25 subdivision (d) of Section 10128.51, within 30 days of the
26 qualifying event. The group contract shall also require the employer
27 to notify the insurer, in writing, within 30 days of the date when
28 the employer becomes subject to Section 4980B of the United
29 States Internal Revenue Code or Chapter 18 of the Employee
30 Retirement Income Security Act (29 U.S.C. Sec. 1161 et seq.).

31 (b) Every group benefit plan contract between a disability insurer
32 and an employer subject to this article that is issued, amended, or
33 renewed after July 1, 1998, shall require the employer to notify
34 qualified beneficiaries currently receiving continuation coverage,
35 whose continuation coverage will terminate under one group
36 benefit plan prior to the end of the period the qualified beneficiary
37 would have remained covered, as specified in Section 10128.57,
38 of the qualified beneficiary’s ability to continue coverage under a
39 new group benefit plan for the balance of the period the qualified
40 beneficiary would have remained covered under the prior group

1 benefit plan. This notice shall be provided either 30 days prior to
2 the termination or when all enrolled employees are notified,
3 whichever is later.

4 Every disability insurer shall provide to the employer replacing
5 a group benefit plan policy issued by the insurer, or to the
6 employer's agent or broker representative, within 15 days of any
7 written request, information in possession of the insurer reasonably
8 required to administer the notification requirements of this
9 subdivision and subdivision (c).

10 (c) Notwithstanding subdivision (a), the group benefit plan
11 contract between the insurer and the employer shall require the
12 employer to notify the successor plan in writing of the qualified
13 beneficiaries currently receiving continuation coverage so that the
14 successor plan, or contracting employer or administrator, may
15 provide those qualified beneficiaries with the necessary premium
16 information, enrollment forms, and instructions consistent with
17 the disclosure required by subdivision (c) of Section 10128.54 and
18 subdivision (e) of this section to allow the qualified beneficiary to
19 continue coverage. This information shall be sent to all qualified
20 beneficiaries who are enrolled in the group benefit plan and those
21 qualified beneficiaries who have been notified, pursuant to Section
22 10128.54 of their ability to continue their coverage and may still
23 elect coverage within the specified 60-day period. This information
24 shall be sent to the qualified beneficiary's last known address, as
25 provided to the employer by the health care service plan or,
26 disability insurer currently providing continuation coverage to the
27 qualified beneficiary. The successor insurer shall not be obligated
28 to provide this information to qualified beneficiaries if the
29 employer or prior insurer or health care service plan fails to comply
30 with this section.

31 (d) A disability insurer may contract with an employer, or an
32 administrator, to perform the administrative obligations of the plan
33 as required by this article, including required notifications and
34 collecting and forwarding premiums to the insurer. Except for the
35 requirements of subdivisions (a), (b), and (c), this subdivision shall
36 not be construed to permit an insurer to require an employer to
37 perform the administrative obligations of the insurer as required
38 by this article as a condition of the issuance or renewal of coverage.

39 (e) Every insurer, or employer or administrator that contracts
40 to perform the notice and administrative services pursuant to this

1 section, shall, within 14 days of receiving a notice of a qualifying
2 event, provide to the qualified beneficiary the necessary premium
3 information, enrollment forms, and disclosures consistent with the
4 notice requirements contained in subdivisions (b) and (c) of Section
5 10128.54 to allow the qualified beneficiary to formally elect
6 continuation coverage. This information shall be sent to the
7 qualified beneficiary's last known address.

8 (f) Every insurer, or employer or administrator that contracts
9 to perform the notice and administrative services pursuant to this
10 section, shall, during the 180-day period ending on the date that
11 continuation coverage is terminated pursuant to paragraphs (1),
12 (3), and (5) of subdivision (a) of Section 10128.57, notify a
13 qualified beneficiary who has elected continuation coverage
14 pursuant to this article of the date that his or her coverage will
15 terminate, and shall notify the qualified beneficiary of any
16 conversion coverage available to that qualified beneficiary. This
17 requirement shall not apply when the continuation coverage is
18 terminated because the group contract between the insurer and the
19 employer is being terminated.

20 (g) (1) An insurer shall provide to a qualified beneficiary who
21 has a qualifying event during the period specified in subparagraph
22 (A) of paragraph (3) of subdivision (a) of Section 3001 of ARRA,
23 a written notice containing information on the availability of
24 premium assistance under ARRA. This notice shall be sent to the
25 qualified beneficiary's last known address. The notice shall include
26 clear and easily understandable language to inform the qualified
27 beneficiary that changes in federal law provide a new opportunity
28 to elect continuation coverage with a 65-percent premium subsidy
29 and shall include all of the following:

30 (A) The amount of the premium the person will pay. For
31 qualified beneficiaries who had a qualifying event between
32 September 1, 2008, and May 12, 2009, inclusive, if an insurer is
33 unable to provide the correct premium amount in the notice, the
34 notice may contain the last known premium amount and an
35 opportunity for the qualified beneficiary to request, through a
36 toll-free telephone number, the correct premium that would apply
37 to the beneficiary.

38 (B) Enrollment forms and any other information required to be
39 included pursuant to subdivision (e) to allow the qualified
40 beneficiary to elect continuation coverage. This information shall

1 not be included in notices sent to qualified beneficiaries currently
2 enrolled in continuation coverage.

3 (C) A description of the option to enroll in different coverage
4 as provided in subparagraph (B) of paragraph (1) of subdivision
5 (a) of Section 3001 of ARRA. This description shall advise the
6 qualified beneficiary to contact the covered employee's former
7 employer for prior approval to choose this option.

8 (D) The eligibility requirements for premium assistance in the
9 amount of 65 percent of the premium under Section 3001 of
10 ARRA.

11 (E) The duration of premium assistance available under ARRA.

12 (F) A statement that a qualified beneficiary eligible for premium
13 assistance under ARRA may elect continuation coverage no later
14 than 60 days of the date of the notice.

15 (G) A statement that a qualified beneficiary eligible for premium
16 assistance under ARRA who rejected or discontinued continuation
17 coverage prior to receiving the notice required by this subdivision
18 has the right to withdraw that rejection and elect continuation
19 coverage with the premium assistance.

20 (H) A statement that reads as follows:

21
22 "IF YOU ARE HAVING ANY DIFFICULTIES READING OR
23 UNDERSTANDING THIS NOTICE, PLEASE CONTACT [name
24 of insurer] at [insert appropriate telephone number]."
25

26 (2) With respect to qualified beneficiaries who had a qualifying
27 event between September 1, 2008, and May 12, 2009, inclusive,
28 the notice described in this subdivision shall be provided by the
29 later of May 26, 2009, or seven business days after the date the
30 insurer receives notice of the qualifying event.

31 (3) With respect to qualified beneficiaries who had or have a
32 qualifying event between May 13, 2009, and the later date specified
33 in subparagraph (A) of paragraph (3) of subdivision (a) of Section
34 3001 of ARRA, inclusive, the notice described in this subdivision
35 shall be provided within the period of time specified in subdivision
36 (e).

37 (4) Nothing in this section shall be construed to require an
38 insurer to provide the insurer's evidence of coverage as a part of
39 the notice required by this subdivision, and nothing in this section
40 shall be construed to require an insurer to amend its existing

1 evidence of coverage to comply with the changes made to this
2 section by the enactment of Assembly Bill 23 of the 2009–10
3 Regular Session or by the act amending this section during the
4 second year of the 2009–10 Regular Session.

5 (5) The requirement under this subdivision to provide a written
6 notice to a qualified beneficiary and the requirement under
7 paragraph (1) of subdivision (i) to provide a new opportunity to a
8 qualified beneficiary to elect continuation coverage shall be deemed
9 satisfied if an insurer previously provided a written notice and
10 additional election opportunity under Section 3001 of ARRA to
11 that qualified beneficiary prior to the effective date of the act
12 adding this paragraph.

13 (h) A group contract between a group benefit plan and an
14 employer subject to this article that is issued, amended, or renewed
15 on or after July 1, 2016, shall require the employer to give the
16 following notice to a qualified beneficiary:

17 *“In beneficiary in connection with a notice regarding election*
18 *of continuation coverage:*

19
20 *“In addition to your coverage continuation options, you may be*
21 *eligible for the following:*

22 1. Coverage through the state health insurance marketplace, also
23 known as Covered California. By enrolling through Covered
24 California, you may qualify for lower monthly premiums and lower
25 out-of-pocket costs. Your family members may also qualify for
26 coverage through Covered California.

27 2. Coverage through Medi-Cal. Depending on your income, you
28 may qualify for low or no-cost coverage through Medi-Cal. Your
29 family members may also qualify for Medi-Cal.

30 3. Coverage through an insured spouse. If your spouse has
31 coverage that extends to family members, you may be able to be
32 added on that benefit plan.

33 Be aware that there is a deadline to enroll in Covered California,
34 although you can apply for Medi-Cal anytime. To find out more
35 about how to apply for Covered California and Medi-Cal, visit the
36 Covered California Internet Web site at
37 <http://www.coveredca.com.”>

38 (i) <http://www.coveredca.com.”>
39

1 (i) (1) Notwithstanding any other law, a qualified beneficiary
2 eligible for premium assistance under ARRA may elect
3 continuation coverage no later than 60 days after the date of the
4 notice required by subdivision (g).

5 (2) For a qualified beneficiary who elects to continue coverage
6 pursuant to this subdivision, the period beginning on the date of
7 the qualifying event and ending on the effective date of the
8 continuation coverage shall be disregarded for purposes of
9 calculating a break in coverage in determining whether a
10 preexisting condition provision applies under subdivision (e) of
11 Section 10198.7 or subdivision (c) of Section 10708.

12 (3) For a qualified beneficiary who had a qualifying event
13 between September 1, 2008, and February 16, 2009, inclusive, and
14 who elects continuation coverage pursuant to paragraph (1), the
15 continuation coverage shall commence on the first day of the month
16 following the election.

17 (4) For a qualified beneficiary who had a qualifying event
18 between February 17, 2009, and May 12, 2009, inclusive, and who
19 elects continuation coverage pursuant to paragraph (1), the effective
20 date of the continuation coverage shall be either of the following,
21 at the option of the beneficiary, provided that the beneficiary pays
22 the applicable premiums:

23 (A) The date of the qualifying event.

24 (B) The first day of the month following the election.

25 (5) Notwithstanding any other law, a qualified beneficiary who
26 is eligible for the special election period described in paragraph
27 (17) of subdivision (a) of Section 3001 of ARRA may elect
28 continuation coverage no later than 60 days after the date of the
29 notice required under subdivision (k). For a qualified beneficiary
30 who elects coverage pursuant to this paragraph, the continuation
31 coverage shall be effective as of the first day of the first period of
32 coverage after the date of termination of employment, except, if
33 federal law permits, coverage shall take effect on the first day of
34 the month following the election. However, for purposes of
35 calculating the duration of continuation coverage pursuant to
36 Section 10128.57, the period of that coverage shall be determined
37 as though the qualifying event was a reduction of hours of the
38 employee.

39 (6) Notwithstanding any other law, a qualified beneficiary who
40 is eligible for any other special election period under ARRA may

1 elect continuation coverage no later than 60 days after the date of
2 the special election notice required under ARRA.

3 (j) An insurer shall provide a qualified beneficiary eligible for
4 premium assistance under ARRA written notice of the extension
5 of that premium assistance as required under Section 3001 of
6 ARRA.

7 (k) A health insurer, or an administrator or employer if
8 administrative obligations have been assumed by those entities
9 pursuant to subdivision (d), shall give the qualified beneficiaries
10 described in subparagraph (C) of paragraph (17) of subdivision
11 (a) of Section 3001 of ARRA the written notice required by that
12 paragraph by implementing the following procedures:

13 (1) The insurer shall, within 14 days of the effective date of the
14 act adding this subdivision, send a notice to employers currently
15 contracting with the insurer for a group benefit plan subject to this
16 article. The notice shall do all of the following:

17 (A) Advise the employer that employees whose employment is
18 terminated on or after March 2, 2010, who were previously enrolled
19 in any group health care service plan or health insurance policy
20 offered by the employer may be entitled to special health coverage
21 rights, including a subsidy paid by the federal government for a
22 portion of the premium.

23 (B) Ask the employer to provide the insurer with the name,
24 address, and date of termination of employment for any employee
25 whose employment is terminated on or after March 2, 2010, and
26 who was at any time covered by any health care service plan or
27 health insurance policy offered to their employees on or after
28 September 1, 2008.

29 (C) Provide employers with a format and instructions for
30 submitting the information to the insurer, or their administrator or
31 employer who has assumed administrative obligations pursuant
32 to subdivision (d), by telephone, fax, electronic mail, or mail.

33 (2) Within 14 days of receipt of the information specified in
34 paragraph (1) from the employer, the insurer shall send the written
35 notice specified in paragraph (17) of subdivision (a) of Section
36 3001 of ARRA to those individuals.

37 (3) If an individual contacts his or her health insurer and
38 indicates that he or she experienced a qualifying event that entitles
39 him or her to the special election period described in paragraph
40 (17) of subdivision (a) of Section 3001 of ARRA or any other

1 special election provision of ARRA, the insurer shall provide the
2 individual with the notice required under paragraph (17) of
3 subdivision (a) of Section 3001 of ARRA or any other applicable
4 provision of ARRA, regardless of whether the insurer receives or
5 received information from the individual's previous employer
6 regarding that individual pursuant to Section 24100 of the Health
7 and Safety Code. The insurer shall review the individual's
8 application for coverage under this special election notice to
9 determine if the individual qualifies for the special election period
10 and the premium assistance under ARRA. The insurer shall comply
11 with paragraph (5) if the individual does not qualify for either the
12 special election period or premium assistance under ARRA.

13 (4) The requirement under this subdivision to provide the written
14 notice described in paragraph (17) of subdivision (a) of Section
15 3001 of ARRA to a qualified beneficiary and the requirement
16 under paragraph (5) of subdivision (i) to provide a new opportunity
17 to a qualified beneficiary to elect continuation coverage shall be
18 deemed satisfied if a health insurer previously provided the written
19 notice and additional election opportunity described in paragraph
20 (17) of subdivision (a) of Section 3001 of ARRA to that qualified
21 beneficiary prior to the effective date of the act adding this
22 paragraph.

23 (5) If an individual does not qualify for either a special election
24 period or the subsidy under ARRA, the insurer shall provide a
25 written notice to that individual that shall include information on
26 the right to appeal as set forth in Section 3001 of ARRA.

27 (6) A health insurer shall provide information on its publicly
28 accessible Internet Web site regarding the premium assistance
29 made available under ARRA and any special election period
30 provided under that law. An insurer may fulfill this requirement
31 by linking or otherwise directing consumers to the information
32 regarding COBRA continuation coverage premium assistance
33 located on the Internet Web site of the United States Department
34 of Labor. The information required by this paragraph shall be
35 located in a section of the insurer's Internet Web site that is readily
36 accessible to consumers, such as the Web site's Frequently Asked
37 Questions section.

38 (l) Notwithstanding any other law, a qualified beneficiary
39 eligible for premium assistance under ARRA may elect to enroll
40 in different coverage subject to the criteria provided under

1 subparagraph (B) of paragraph (1) of subdivision (a) of Section
2 3001 of ARRA.

3 (m) A qualified beneficiary enrolled in continuation coverage
4 as of February 17, 2009, who is eligible for premium assistance
5 under ARRA may request application of the premium assistance
6 as of March 1, 2009, or later, consistent with ARRA.

7 (n) An insurer that receives an election notice from a qualified
8 beneficiary eligible for premium assistance under ARRA, pursuant
9 to subdivision (i), shall be considered a person entitled to
10 reimbursement, as defined in Section 6432(b)(3) of the Internal
11 Revenue Code, as amended by paragraph (12) of subdivision (a)
12 of Section 3001 of ARRA.

13 (o) (1) For purposes of compliance with ARRA, in the absence
14 of guidance from, or if specifically required for state-only
15 continuation coverage by, the United States Department of Labor,
16 the Internal Revenue Service, or the Centers for Medicare and
17 Medicaid Services, an insurer may request verification of the
18 involuntary termination of a covered employee's employment from
19 the covered employee's former employer or the qualified
20 beneficiary seeking premium assistance under ARRA.

21 (2) An insurer that requests verification pursuant to paragraph
22 (1) directly from a covered employee's former employer shall do
23 so by providing a written notice to the employer. This written
24 notice shall be sent by mail or facsimile to the covered employee's
25 former employer within seven business days from the date the
26 insurer receives the qualified beneficiary's election notice pursuant
27 to subdivision (i). Within 10 calendar days of receipt of written
28 notice required by this paragraph, the former employer shall furnish
29 to the insurer written verification as to whether the covered
30 employee's employment was involuntarily terminated.

31 (3) A qualified beneficiary requesting premium assistance under
32 ARRA may furnish to the insurer a written document or other
33 information from the covered employee's former employer
34 indicating that the covered employee's employment was
35 involuntarily terminated. This document or information shall be
36 deemed sufficient by the insurer to establish that the covered
37 employee's employment was involuntarily terminated for purposes
38 of ARRA, unless the insurer makes a reasonable and timely
39 determination that the documents or information provided by the

1 qualified beneficiary are legally insufficient to establish involuntary
2 termination of employment.

3 (4) If an insurer requests verification pursuant to this subdivision
4 and cannot verify involuntary termination of employment within
5 14 business days from the date the employer receives the
6 verification request or from the date the insurer receives
7 documentation or other information from the qualified beneficiary
8 pursuant to paragraph (3), the insurer shall either provide
9 continuation coverage with the federal premium assistance to the
10 qualified beneficiary or send the qualified beneficiary a denial
11 letter which shall include notice of his or her right to appeal that
12 determination pursuant to ARRA.

13 (5) No person shall intentionally delay verification of
14 involuntary termination of employment under this subdivision.

15 *(p) (1) If Section 5000A of the Internal Revenue Code, as added*
16 *by Section 1501 of PPACA, is repealed or amended to no longer*
17 *apply to the individual market, as defined in Section 2791 of the*
18 *federal Public Health Service Act (42 U.S.C. Sec. 300gg-91), this*
19 *section shall become inoperative and is repealed 12 months after*
20 *the date of that repeal or amendment.*

21 *(2) For purposes of this subdivision, "PPACA" means the*
22 *federal Patient Protection and Affordable Care Act (Public Law*
23 *111-148), as amended by the federal Health Care and Education*
24 *Reconciliation Act of 2010 (Public Law 111-152), and any rules,*
25 *regulations, or guidance issued pursuant to that law.*

26 *SEC. 11. Section 10128.55 is added to the Insurance Code, to*
27 *read:*

28 *10128.55. (a) Every group benefit plan contract between a*
29 *disability insurer and an employer subject to this article that is*
30 *issued, amended, or renewed on or after July 1, 1998, shall require*
31 *the employer to notify the insurer in writing of any employee who*
32 *has had a qualifying event, as defined in paragraph (2) of*
33 *subdivision (d) of Section 10128.51, within 30 days of the*
34 *qualifying event. The group contract shall also require the*
35 *employer to notify the insurer, in writing, within 30 days of the*
36 *date when the employer becomes subject to Section 4980B of the*
37 *United States Internal Revenue Code or Chapter 18 of the*
38 *Employee Retirement Income Security Act (29 U.S.C. Sec. 1161*
39 *et seq.).*

1 ***(b) Every group benefit plan contract between a disability***
2 ***insurer and an employer subject to this article that is issued,***
3 ***amended, or renewed after July 1, 1998, shall require the employer***
4 ***to notify qualified beneficiaries currently receiving continuation***
5 ***coverage, whose continuation coverage will terminate under one***
6 ***group benefit plan prior to the end of the period the qualified***
7 ***beneficiary would have remained covered, as specified in Section***
8 ***10128.57, of the qualified beneficiary's ability to continue coverage***
9 ***under a new group benefit plan for the balance of the period the***
10 ***qualified beneficiary would have remained covered under the prior***
11 ***group benefit plan. This notice shall be provided either 30 days***
12 ***prior to the termination or when all enrolled employees are***
13 ***notified, whichever is later.***

14 ***Every disability insurer shall provide to the employer replacing***
15 ***a group benefit plan policy issued by the insurer, or to the***
16 ***employer's agent or broker representative, within 15 days of any***
17 ***written request, information in possession of the insurer reasonably***
18 ***required to administer the notification requirements of this***
19 ***subdivision and subdivision (c).***

20 ***(c) Notwithstanding subdivision (a), the group benefit plan***
21 ***contract between the insurer and the employer shall require the***
22 ***employer to notify the successor plan in writing of the qualified***
23 ***beneficiaries currently receiving continuation coverage so that***
24 ***the successor plan, or contracting employer or administrator, may***
25 ***provide those qualified beneficiaries with the necessary premium***
26 ***information, enrollment forms, and instructions consistent with***
27 ***the disclosure required by subdivision (c) of Section 10128.54 and***
28 ***subdivision (e) of this section to allow the qualified beneficiary to***
29 ***continue coverage. This information shall be sent to all qualified***
30 ***beneficiaries who are enrolled in the group benefit plan and those***
31 ***qualified beneficiaries who have been notified, pursuant to Section***
32 ***10128.54 of their ability to continue their coverage and may still***
33 ***elect coverage within the specified 60-day period. This information***
34 ***shall be sent to the qualified beneficiary's last known address, as***
35 ***provided to the employer by the health care service plan or,***
36 ***disability insurer currently providing continuation coverage to***
37 ***the qualified beneficiary. The successor insurer shall not be***
38 ***obligated to provide this information to qualified beneficiaries if***
39 ***the employer or prior insurer or health care service plan fails to***
40 ***comply with this section.***

1 (d) A disability insurer may contract with an employer, or an
2 administrator, to perform the administrative obligations of the
3 plan as required by this article, including required notifications
4 and collecting and forwarding premiums to the insurer. Except
5 for the requirements of subdivisions (a), (b), and (c), this
6 subdivision shall not be construed to permit an insurer to require
7 an employer to perform the administrative obligations of the
8 insurer as required by this article as a condition of the issuance
9 or renewal of coverage.

10 (e) Every insurer, or employer or administrator that contracts
11 to perform the notice and administrative services pursuant to this
12 section, shall, within 14 days of receiving a notice of a qualifying
13 event, provide to the qualified beneficiary the necessary premium
14 information, enrollment forms, and disclosures consistent with the
15 notice requirements contained in subdivisions (b) and (c) of Section
16 10128.54 to allow the qualified beneficiary to formally elect
17 continuation coverage. This information shall be sent to the
18 qualified beneficiary's last known address.

19 (f) Every insurer, or employer or administrator that contracts
20 to perform the notice and administrative services pursuant to this
21 section, shall, during the 180-day period ending on the date that
22 continuation coverage is terminated pursuant to paragraphs (1),
23 (3), and (5) of subdivision (a) of Section 10128.57, notify a
24 qualified beneficiary who has elected continuation coverage
25 pursuant to this article of the date that his or her coverage will
26 terminate, and shall notify the qualified beneficiary of any
27 conversion coverage available to that qualified beneficiary. This
28 requirement shall not apply when the continuation coverage is
29 terminated because the group contract between the insurer and
30 the employer is being terminated.

31 (g) (1) An insurer shall provide to a qualified beneficiary who
32 has a qualifying event during the period specified in subparagraph
33 (A) of paragraph (3) of subdivision (a) of Section 3001 of ARRA,
34 a written notice containing information on the availability of
35 premium assistance under ARRA. This notice shall be sent to the
36 qualified beneficiary's last known address. The notice shall include
37 clear and easily understandable language to inform the qualified
38 beneficiary that changes in federal law provide a new opportunity
39 to elect continuation coverage with a 65-percent premium subsidy
40 and shall include all of the following:

1 (A) *The amount of the premium the person will pay. For*
2 *qualified beneficiaries who had a qualifying event between*
3 *September 1, 2008, and May 12, 2009, inclusive, if an insurer is*
4 *unable to provide the correct premium amount in the notice, the*
5 *notice may contain the last known premium amount and an*
6 *opportunity for the qualified beneficiary to request, through a*
7 *toll-free telephone number, the correct premium that would apply*
8 *to the beneficiary.*

9 (B) *Enrollment forms and any other information required to be*
10 *included pursuant to subdivision (e) to allow the qualified*
11 *beneficiary to elect continuation coverage. This information shall*
12 *not be included in notices sent to qualified beneficiaries currently*
13 *enrolled in continuation coverage.*

14 (C) *A description of the option to enroll in different coverage*
15 *as provided in subparagraph (B) of paragraph (1) of subdivision*
16 *(a) of Section 3001 of ARRA. This description shall advise the*
17 *qualified beneficiary to contact the covered employee's former*
18 *employer for prior approval to choose this option.*

19 (D) *The eligibility requirements for premium assistance in the*
20 *amount of 65 percent of the premium under Section 3001 of ARRA.*

21 (E) *The duration of premium assistance available under ARRA.*

22 (F) *A statement that a qualified beneficiary eligible for premium*
23 *assistance under ARRA may elect continuation coverage no later*
24 *than 60 days of the date of the notice.*

25 (G) *A statement that a qualified beneficiary eligible for premium*
26 *assistance under ARRA who rejected or discontinued continuation*
27 *coverage prior to receiving the notice required by this subdivision*
28 *has the right to withdraw that rejection and elect continuation*
29 *coverage with the premium assistance.*

30 (H) *A statement that reads as follows:*

31
32 *“IF YOU ARE HAVING ANY DIFFICULTIES READING OR*
33 *UNDERSTANDING THIS NOTICE, PLEASE CONTACT [name*
34 *of insurer] at [insert appropriate telephone number].”*
35

36 (2) *With respect to qualified beneficiaries who had a qualifying*
37 *event between September 1, 2008, and May 12, 2009, inclusive,*
38 *the notice described in this subdivision shall be provided by the*
39 *later of May 26, 2009, or seven business days after the date the*
40 *insurer receives notice of the qualifying event.*

1 (3) *With respect to qualified beneficiaries who had or have a*
2 *qualifying event between May 13, 2009, and the later date specified*
3 *in subparagraph (A) of paragraph (3) of subdivision (a) of Section*
4 *3001 of ARRA, inclusive, the notice described in this subdivision*
5 *shall be provided within the period of time specified in subdivision*
6 *(e).*

7 (4) *Nothing in this section shall be construed to require an*
8 *insurer to provide the insurer's evidence of coverage as a part of*
9 *the notice required by this subdivision, and nothing in this section*
10 *shall be construed to require an insurer to amend its existing*
11 *evidence of coverage to comply with the changes made to this*
12 *section by the enactment of Assembly Bill 23 of the 2009–10*
13 *Regular Session or by the act amending this section during the*
14 *second year of the 2009–10 Regular Session.*

15 (5) *The requirement under this subdivision to provide a written*
16 *notice to a qualified beneficiary and the requirement under*
17 *paragraph (1) of subdivision (h) to provide a new opportunity to*
18 *a qualified beneficiary to elect continuation coverage shall be*
19 *deemed satisfied if an insurer previously provided a written notice*
20 *and additional election opportunity under Section 3001 of ARRA*
21 *to that qualified beneficiary prior to the effective date of the act*
22 *adding this paragraph.*

23 (h) *A group contract between a group benefit plan and an*
24 *employer subject to this article that is issued, amended, or renewed*
25 *on or after the operative date of this section shall require the*
26 *employer to give the following notice to a qualified beneficiary in*
27 *connection with a notice regarding election of continuation*
28 *coverage:*

29
30 *“Please examine your options carefully before declining this*
31 *coverage. You should be aware that companies selling individual*
32 *health insurance typically require a review of your medical history*
33 *that could result in a higher premium or you could be denied*
34 *coverage entirely.”*

35
36 (i) *A group contract between a group benefit plan and an*
37 *employer subject to this article that is issued, amended, or renewed*
38 *on or after July 1, 2016, shall require the employer to give the*
39 *following notice to a qualified beneficiary in connection with a*
40 *notice regarding election of continuation coverage:*

1
2 *“In addition to your coverage continuation options, you may be*
3 *eligible for the following:*

4 1. *Coverage through the state health insurance marketplace,*
5 *also known as Covered California. By enrolling through Covered*
6 *California, you may qualify for lower monthly premiums and lower*
7 *out-of-pocket costs. Your family members may also qualify for*
8 *coverage through Covered California.*

9 2. *Coverage through Medi-Cal. Depending on your income, you*
10 *may qualify*

11 *for low or no-cost coverage through Medi-Cal. Your family*
12 *members may also qualify for Medi-Cal.*

13 3. *Coverage through an insured spouse. If your spouse has*
14 *coverage that extends to family members, you may be able to be*
15 *added on that benefit plan.*

16 *Be aware that there is a deadline to enroll in Covered California,*
17 *although you can apply for Medi-Cal anytime. To find out more*
18 *about how to apply for Covered California and Medi-Cal, visit*
19 *the Covered California Internet Web site at*
20 *<http://www.coveredca.com>.”*

21
22 (j) (1) *Notwithstanding any other law, a qualified beneficiary*
23 *eligible for premium assistance under ARRA may elect continuation*
24 *coverage no later than 60 days after the date of the notice required*
25 *by subdivision (g).*

26 (2) *For a qualified beneficiary who elects to continue coverage*
27 *pursuant to this subdivision, the period beginning on the date of*
28 *the qualifying event and ending on the effective date of the*
29 *continuation coverage shall be disregarded for purposes of*
30 *calculating a break in coverage in determining whether a*
31 *preexisting condition provision applies under subdivision (e) of*
32 *Section 10198.7 or subdivision (c) of Section 10708.*

33 (3) *For a qualified beneficiary who had a qualifying event*
34 *between September 1, 2008, and February 16, 2009, inclusive,*
35 *and who elects continuation coverage pursuant to paragraph (1),*
36 *the continuation coverage shall commence on the first day of the*
37 *month following the election.*

38 (4) *For a qualified beneficiary who had a qualifying event*
39 *between February 17, 2009, and May 12, 2009, inclusive, and who*
40 *elects continuation coverage pursuant to paragraph (1), the*

1 *effective date of the continuation coverage shall be either of the*
2 *following, at the option of the beneficiary, provided that the*
3 *beneficiary pays the applicable premiums:*

4 *(A) The date of the qualifying event.*

5 *(B) The first day of the month following the election.*

6 *(5) Notwithstanding any other law, a qualified beneficiary who*
7 *is eligible for the special election period described in paragraph*
8 *(17) of subdivision (a) of Section 3001 of ARRA may elect*
9 *continuation coverage no later than 60 days after the date of the*
10 *notice required under subdivision (l). For a qualified beneficiary*
11 *who elects coverage pursuant to this paragraph, the continuation*
12 *coverage shall be effective as of the first day of the first period of*
13 *coverage after the date of termination of employment, except, if*
14 *federal law permits, coverage shall take effect on the first day of*
15 *the month following the election. However, for purposes of*
16 *calculating the duration of continuation coverage pursuant to*
17 *Section 10128.57, the period of that coverage shall be determined*
18 *as though the qualifying event was a reduction of hours of the*
19 *employee.*

20 *(6) Notwithstanding any other law, a qualified beneficiary who*
21 *is eligible for any other special election period under ARRA may*
22 *elect continuation coverage no later than 60 days after the date*
23 *of the special election notice required under ARRA.*

24 *(k) An insurer shall provide a qualified beneficiary eligible for*
25 *premium assistance under ARRA written notice of the extension*
26 *of that premium assistance as required under Section 3001 of*
27 *ARRA.*

28 *(l) A health insurer, or an administrator or employer if*
29 *administrative obligations have been assumed by those entities*
30 *pursuant to subdivision (d), shall give the qualified beneficiaries*
31 *described in subparagraph (C) of paragraph (17) of subdivision*
32 *(a) of Section 3001 of ARRA the written notice required by that*
33 *paragraph by implementing the following procedures:*

34 *(1) The insurer shall, within 14 days of the effective date of the*
35 *act adding this subdivision, send a notice to employers currently*
36 *contracting with the insurer for a group benefit plan subject to*
37 *this article. The notice shall do all of the following:*

38 *(A) Advise the employer that employees whose employment is*
39 *terminated on or after March 2, 2010, who were previously*
40 *enrolled in any group health care service plan or health insurance*

1 policy offered by the employer may be entitled to special health
2 coverage rights, including a subsidy paid by the federal government
3 for a portion of the premium.

4 (B) Ask the employer to provide the insurer with the name,
5 address, and date of termination of employment for any employee
6 whose employment is terminated on or after March 2, 2010, and
7 who was at any time covered by any health care service plan or
8 health insurance policy offered to their employees on or after
9 September 1, 2008.

10 (C) Provide employers with a format and instructions for
11 submitting the information to the insurer, or their administrator
12 or employer who has assumed administrative obligations pursuant
13 to subdivision (d), by telephone, fax, electronic mail, or mail.

14 (2) Within 14 days of receipt of the information specified in
15 paragraph (1) from the employer, the insurer shall send the written
16 notice specified in paragraph (17) of subdivision (a) of Section
17 3001 of ARRA to those individuals.

18 (3) If an individual contacts his or her health insurer and
19 indicates that he or she experienced a qualifying event that entitles
20 him or her to the special election period described in paragraph
21 (17) of subdivision (a) of Section 3001 of ARRA or any other
22 special election provision of ARRA, the insurer shall provide the
23 individual with the notice required under paragraph (17) of
24 subdivision (a) of Section 3001 of ARRA or any other applicable
25 provision of ARRA, regardless of whether the insurer receives or
26 received information from the individual's previous employer
27 regarding that individual pursuant to Section 24100 of the Health
28 and Safety Code. The insurer shall review the individual's
29 application for coverage under this special election notice to
30 determine if the individual qualifies for the special election period
31 and the premium assistance under ARRA. The insurer shall comply
32 with paragraph (5) if the individual does not qualify for either the
33 special election period or premium assistance under ARRA.

34 (4) The requirement under this subdivision to provide the written
35 notice described in paragraph (17) of subdivision (a) of Section
36 3001 of ARRA to a qualified beneficiary and the requirement under
37 paragraph (5) of subdivision (j) to provide a new opportunity to
38 a qualified beneficiary to elect continuation coverage shall be
39 deemed satisfied if a health insurer previously provided the written
40 notice and additional election opportunity described in paragraph

1 (17) of subdivision (a) of Section 3001 of ARRA to that qualified
2 beneficiary prior to the effective date of the act adding this
3 paragraph.

4 (5) If an individual does not qualify for either a special election
5 period or the subsidy under ARRA, the insurer shall provide a
6 written notice to that individual that shall include information on
7 the right to appeal as set forth in Section 3001 of ARRA.

8 (6) A health insurer shall provide information on its publicly
9 accessible Internet Web site regarding the premium assistance
10 made available under ARRA and any special election period
11 provided under that law. An insurer may fulfill this requirement
12 by linking or otherwise directing consumers to the information
13 regarding COBRA continuation coverage premium assistance
14 located on the Internet Web site of the United States Department
15 of Labor. The information required by this paragraph shall be
16 located in a section of the insurer's Internet Web site that is readily
17 accessible to consumers, such as the Web site's Frequently Asked
18 Questions section.

19 (m) Notwithstanding any other law, a qualified beneficiary
20 eligible for premium assistance under ARRA may elect to enroll
21 in different coverage subject to the criteria provided under
22 subparagraph (B) of paragraph (1) of subdivision (a) of Section
23 3001 of ARRA.

24 (n) A qualified beneficiary enrolled in continuation coverage
25 as of February 17, 2009, who is eligible for premium assistance
26 under ARRA may request application of the premium assistance
27 as of March 1, 2009, or later, consistent with ARRA.

28 (o) An insurer that receives an election notice from a qualified
29 beneficiary eligible for premium assistance under ARRA, pursuant
30 to subdivision (j), shall be considered a person entitled to
31 reimbursement, as defined in Section 6432(b)(3) of the Internal
32 Revenue Code, as amended by paragraph (12) of subdivision (a)
33 of Section 3001 of ARRA.

34 (p) (1) For purposes of compliance with ARRA, in the absence
35 of guidance from, or if specifically required for state-only
36 continuation coverage by, the United States Department of Labor,
37 the Internal Revenue Service, or the Centers for Medicare and
38 Medicaid Services, an insurer may request verification of the
39 involuntary termination of a covered employee's employment from

1 *the covered employee's former employer or the qualified*
2 *beneficiary seeking premium assistance under ARRA.*

3 (2) *An insurer that requests verification pursuant to paragraph*
4 *(1) directly from a covered employee's former employer shall do*
5 *so by providing a written notice to the employer. This written*
6 *notice shall be sent by mail or facsimile to the covered employee's*
7 *former employer within seven business days from the date the*
8 *insurer receives the qualified beneficiary's election notice pursuant*
9 *to subdivision (h). Within 10 calendar days of receipt of written*
10 *notice required by this paragraph, the former employer shall*
11 *furnish to the insurer written verification as to whether the covered*
12 *employee's employment was involuntarily terminated.*

13 (3) *A qualified beneficiary requesting premium assistance under*
14 *ARRA may furnish to the insurer a written document or other*
15 *information from the covered employee's former employer*
16 *indicating that the covered employee's employment was*
17 *involuntarily terminated. This document or information shall be*
18 *deemed sufficient by the insurer to establish that the covered*
19 *employee's employment was involuntarily terminated for purposes*
20 *of ARRA, unless the insurer makes a reasonable and timely*
21 *determination that the documents or information provided by the*
22 *qualified beneficiary are legally insufficient to establish involuntary*
23 *termination of employment.*

24 (4) *If an insurer requests verification pursuant to this*
25 *subdivision and cannot verify involuntary termination of*
26 *employment within 14 business days from the date the employer*
27 *receives the verification request or from the date the insurer*
28 *receives documentation or other information from the qualified*
29 *beneficiary pursuant to paragraph (3), the insurer shall either*
30 *provide continuation coverage with the federal premium assistance*
31 *to the qualified beneficiary or send the qualified beneficiary a*
32 *denial letter which shall include notice of his or her right to appeal*
33 *that determination pursuant to ARRA.*

34 (5) *No person shall intentionally delay verification of*
35 *involuntary termination of employment under this subdivision.*

36 (q) (1) *If Section 5000A of the Internal Revenue Code, as added*
37 *by Section 1501 of PPACA, is repealed or amended to no longer*
38 *apply to the individual market, as defined in Section 2791 of the*
39 *federal Public Health Service Act (42 U.S.C. Sec. 300gg-91), this*

1 *section shall become operative 12 months after the date of that*
2 *repeal or amendment.*

3 *(2) For purposes of this subdivision, “PPACA” means the*
4 *federal Patient Protection and Affordable Care Act (Public Law*
5 *111-148), as amended by the federal Health Care and Education*
6 *Reconciliation Act of 2010 (Public Law 111-152), and any rules,*
7 *regulations, or guidance issued pursuant to that law.*

8 ~~SEC. 10.~~

9 *SEC. 12.* No reimbursement is required by this act pursuant to
10 Section 6 of Article XIII B of the California Constitution because
11 the only costs that may be incurred by a local agency or school
12 district will be incurred because this act creates a new crime or
13 infraction, eliminates a crime or infraction, or changes the penalty
14 for a crime or infraction, within the meaning of Section 17556 of
15 the Government Code, or changes the definition of a crime within
16 the meaning of Section 6 of Article XIII B of the California
17 Constitution.